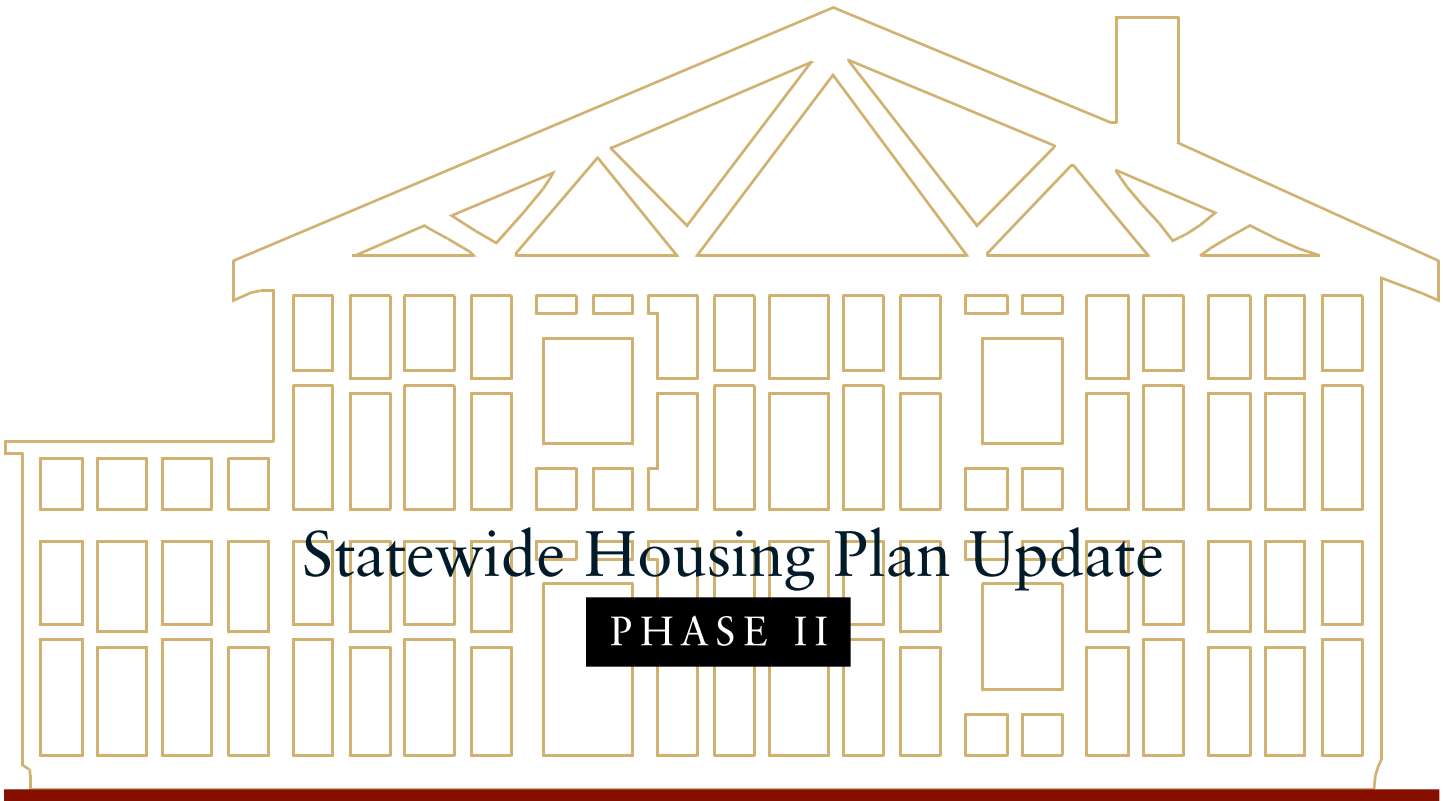
California's

HOUSING MARKETS

1990-1997

Department of Housing & Community Development



Statewide Housing Plan Update

PHASE II

1998

The State of California's Housing Markets 1990 - 1997

STATE OF CALIFORNIA
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Business, Transportation and Housing Agency
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Prepared as the California Statewide Housing Plan Update
Phase II, January 1999

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Introduction

Health and Safety Code Section 50450 et.seq. requires the California State Department of Housing and Community Development (HCD) to prepare and periodically update the California Statewide Housing Plan (CSHP). The CSHP is prepared in phases. This phase of the CSHP portrays housing conditions, while subsequent phases will further assess housing needs and issues for policy consideration.

An update of the CSHP, addressing the relationship between housing and the State's economy (considered the Phase I update for the 1990s), was published in November, 1996. An update to the CSHP was addressed in the early 1990s by a new federal planning requirement for a Consolidated Plan (initially a CHAS). The State of California's Consolidated Plan for 1995/96 - 1999/2000 includes housing market conditions data based on the 1990 Census.

This document reports housing conditions subsequent to the 1990 Census, on the basis of information available through 1997. One of the primary statistical bases for this update of conditions is from the American Housing Survey (by the US Census Bureau) of several of the State's major metropolitan areas between 1993-1996, the last of which became available in 1997.

HCD is interested in hearing about, and encourages further data development and research on California's complex housing market conditions. Information the CSHP or other information on California housing issues can be addressed to HCD, Division of Housing Policy Development, (916) 324-8652, or by email to: cahouse@hcd.ca.gov.

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Executive Summary

California housing is provided through a diverse set of local markets. From the mountain areas, heavily influenced by high seasonal demand, to the Central Valley, with relatively high vacancy rates and significant concentrations of farmworkers, to the extremely "hot" Bay Area market, to the very populous and diverse Greater Los Angeles Region, the performance and condition of housing markets vary widely.

Demand for housing is growing. From the beginning of 1997 through mid-2003, the State will need 1.1 – 1.2 million additional housing units. Although California experienced a recession early in this decade and real per capita income fell 2.5 percent, by 1997 overall employment grew by 7.3 percent, and population by 10 percent. Demand for housing has been fueled by a return to migration into the State, coupled with the continued growth of individuals in household forming ages. These circumstances, combined with an ongoing trend for smaller and older households, will continue.

Yet housing production has lagged. There appears to be a growing gap, however, between what the market can provide and what is needed for sustaining the State's economic growth. Housing production in the State has lagged the rates of the 1980s by more than 50 percent; average annual residential building permits fell from over 200,000 in the 1980s to approximately 100,000 from 1990 to 1997. Metropolitan markets in particular, have not kept pace with demand. The greatest shortfall has been in multifamily construction, which constituted only 24 percent of residential permits during the 1990 to 1997 period. This stands in sharp contrast to the 1980's, when multifamily permits accounted for 44 percent of total permits.

While non-metropolitan housing markets have generally experienced increased vacancy levels during the 1990s, metropolitan housing markets have generally not kept pace with housing demand. In particular, those metropolitan areas with significant economic improvements (particularly the San Francisco Bay Area, the Greater Los Angeles Region and San Diego) have experienced a tightening of housing markets. In other metropolitan regions, the relative balance between household growth and housing units has kept pace through the 1990s.

Despite the concentration of construction in single-family housing through this decade, declines in home prices in many areas of the State (particularly in the early part of the decade), and low interest rates, **the State's homeownership rate remains among the lowest in the country, significantly below the national rate**. **Many of these owners face high cost burdens** – nearly a third of the State's homeowners spend more than 30 percent of their income on housing.

As of 1990, California was one of only two states with median rents exceeding $600. The already high rent levels rose in 1990s in much of the State, with particularly steep increases in the San Francisco Bay Area from 1995 to 1997. Given the increase in lower-income households in the State and ongoing declines in lower priced rentals, there are strong price pressures on lower priced urban rental units. Additional research is needed to further explore the movement of rental price movements for "affordable" rental units in the State.

It is evident that **renter cost burdens pose a significant problem**. Statewide, more than two million households – nearly half of all renters – paid more than 30 percent of their income on housing. For poor renters, the problem is still more grim: in 1995, three quarters of low-income and 86 percent of very low-income households in key metropolitan areas were paying more than 30 percent of their income for housing – 63 percent of low-income and nearly 80 percent of very low-income

households were spending in excess of 50 percent of their income for housing. These estimates highlight one of the most critical challenges in California – the need for an ongoing effort to create additional rental housing within the State.

Overcrowding within the State has been on the rise since 1980. By 1990, more than 1.2 million households within the State experienced overcrowded housing conditions. Although available evidence suggests that overcrowding has not increased significantly in most metropolitan areas in the current decade, overcrowding in Los Angeles County, the Anaheim-Santa Ana, and San Jose areas all increased in the 1988 to 1995 period (22, 24, and 68 percent respectively). Major factors associated with overcrowding include family size and income. Thus, 65 percent of large family rental households (5+ persons) were overcrowded in 1995. This overcrowding appears to be influenced by a lack of large units, particularly rental units (only 20 percent of the rental stock within the State is 3 or more bedrooms). The rates of overcrowding for very low-income households range from 6 to 14 times higher than other households. Hispanic households experience the greatest rates of overcrowding, accounting for over three-quarters of severely overcrowded households and 68 percent of all overcrowded households.

As the State's 12 million housing units age, rehabilitation and repair needs are increasing. It is estimated that approximately 12 percent of the overall housing stock is in need of rehabilitation, although the proportion of such needs vary widely within different areas of the State. Rehabilitation needs are most concentrated in the rental housing stock.

A substantial portion of publicly-assisted affordable rental housing developments statewide are at-risk of conversion to market rate use. Developments that have had project-based federal assistance such as Section 8 rental contracts and low-interest mortgages are subject to reduced federal support and or release of low-income use restrictions. This situation threatens thousands of low-income elderly households and families, exacerbating local housing needs.

Farmworkers and their families face unique housing issues within the State. An estimated 850,000 farmworkers (with a total household population of approximately 1.35 million individuals) support the California agricultural economy. These individuals and households are often transitory, moving throughout the State, at least during parts of the year, forced to live in substandard overcrowded conditions.

Although inherently difficult to quantify, the State's homeless population in 1997 was estimated at more than 360,000 persons, about 1.1 percent of the State's population in 1997. About 65 percent of the homeless "households" are individuals, while 35 percent are families. Homeless population, while evident in all counties within the State, is concentrated in the Bay Area, the Greater Los Angeles Region, Sacramento and the Coastal regions of the State. An estimated 15 percent of homeless people within the State constitute single individuals in need of an emergency bed; the remaining need is for emergency housing for families as well as transitional and permanent housing needed for both individuals and households.

Introduction

California is home to more than 33 million residents – approximately 12 percent of the nation's population. These residents call more than 11 million housing units "home." This report highlights the changing conditions of these households and housing units during the 1990s. It also explores key issues that have and will continue to influence the health of California's housing markets.

Factors Influencing Housing Demand in California

The health of California's housing markets are influenced by household demand, a function of both demographic shifts and income and by housing available for households generated from both existing and new housing supplies. While supply considerations will be explored in the next section of this document, underlying demand factors are outlined below.

The State's housing market shifts with the tide of household demand for housing. While the factors that underlie demand are varied, they are strongly influenced by at least three factors. The growth of demand is spurred by demographic shifts, driven by age-related expansion and contraction of households and the relative demographic shift of households within the State. In addition, rising and falling employment influences household income, fueling the demand for housing demand. These factors interact with changes in the supply of housing. The interaction of land costs and economic conditions (interest rates, etc.) influence the pace of housing construction. These new supplies, in combination with existing housing, influence underlying vacancies in local markets – ultimately playing out through changes in prices in both the rental and ownership markets. These prices and rents ultimately distribute the supply of housing to households throughout the State.

The Components of Population Change During the Decade

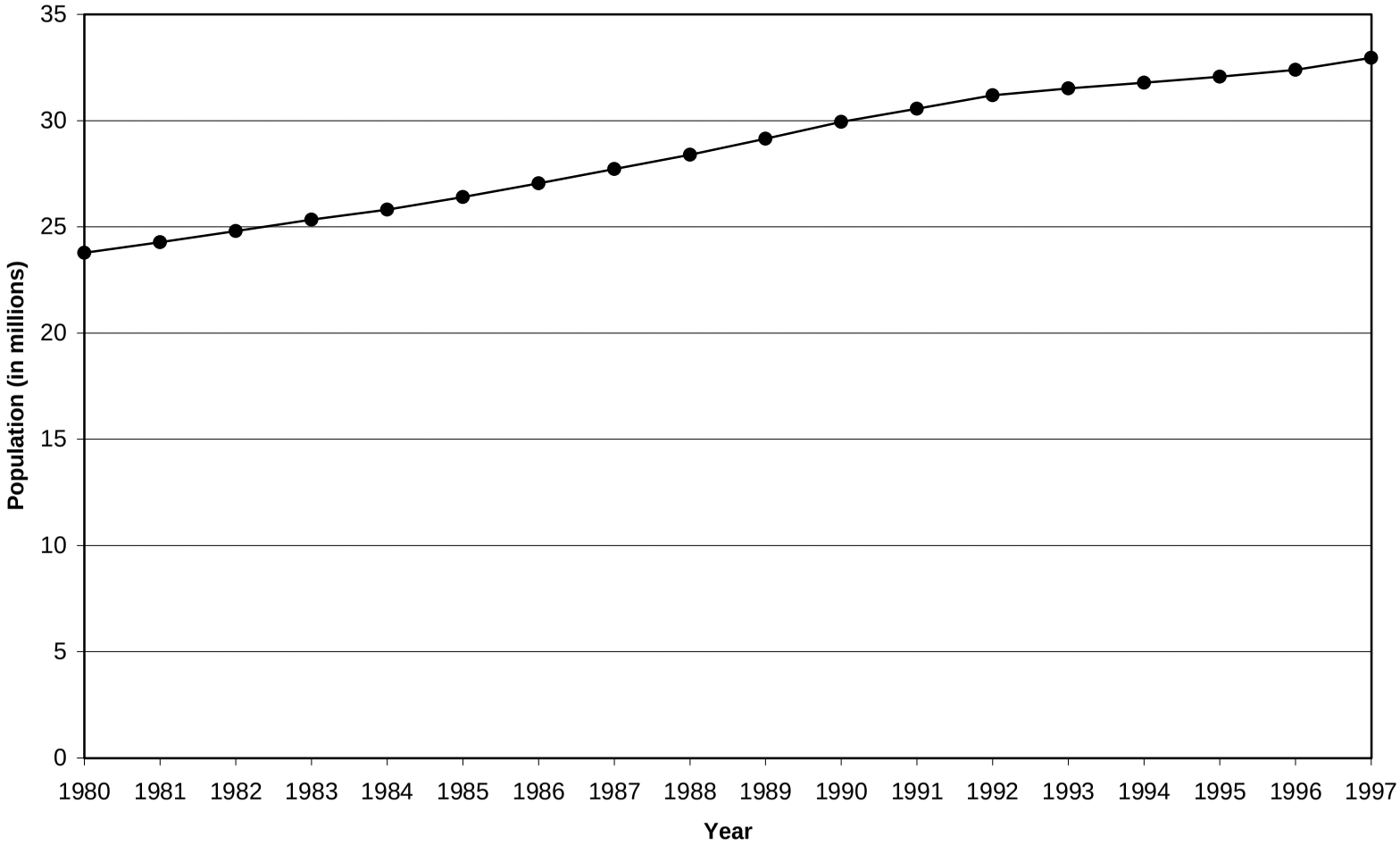
Housing markets in California are fueled by population growth. Households that migrate into the area directly translate into new housing demand. In addition, natural increases, while not directly increasing housing demand, play out in housing markets as individuals age – these households demand housing as they form new households over time, particularly when individuals enter the peak housing formation period. Thus, both natural increase and migration influence housing demand, either directly, in the case of migration, or indirectly (through the changing age structure of individuals and households).

California's population increased by about 3.2 million residents (10.7 percent) from April 1, 1990, rising from 29.758 million to 32.957 million in July, 1997 (see Figure 1). Throughout the early part of the decade, population growth dampened, declining from 2.7 percent annually in 1991 to about .86 percent in the 1993-95 period, gradually expanding, particularly between 1996 and 1997, when rates returned to turn-of-the-decade growth rates (1.77 percent).

The early 1990s reflected a marked shift in historic population growth patterns. An estimated 1.2 million residents left California from mid-1992 through mid-1996. While migration has been a significant component of growth within the State for more than three decades, overall migration fell precipitously throughout this decade (see Figure 2). This has had important impacts on housing markets – housing demand for migrating households fuels immediate demand for housing units (as these households generally seek to establish residence, demand is immediate). While natural increase continued to fuel population growth, high out-migration dampened overall growth. Overall, during the July 1990 to July 1997 period, over 80 percent of total population growth (nearly 2.5

Figure 1

Estimated California Population 1980 to 1997

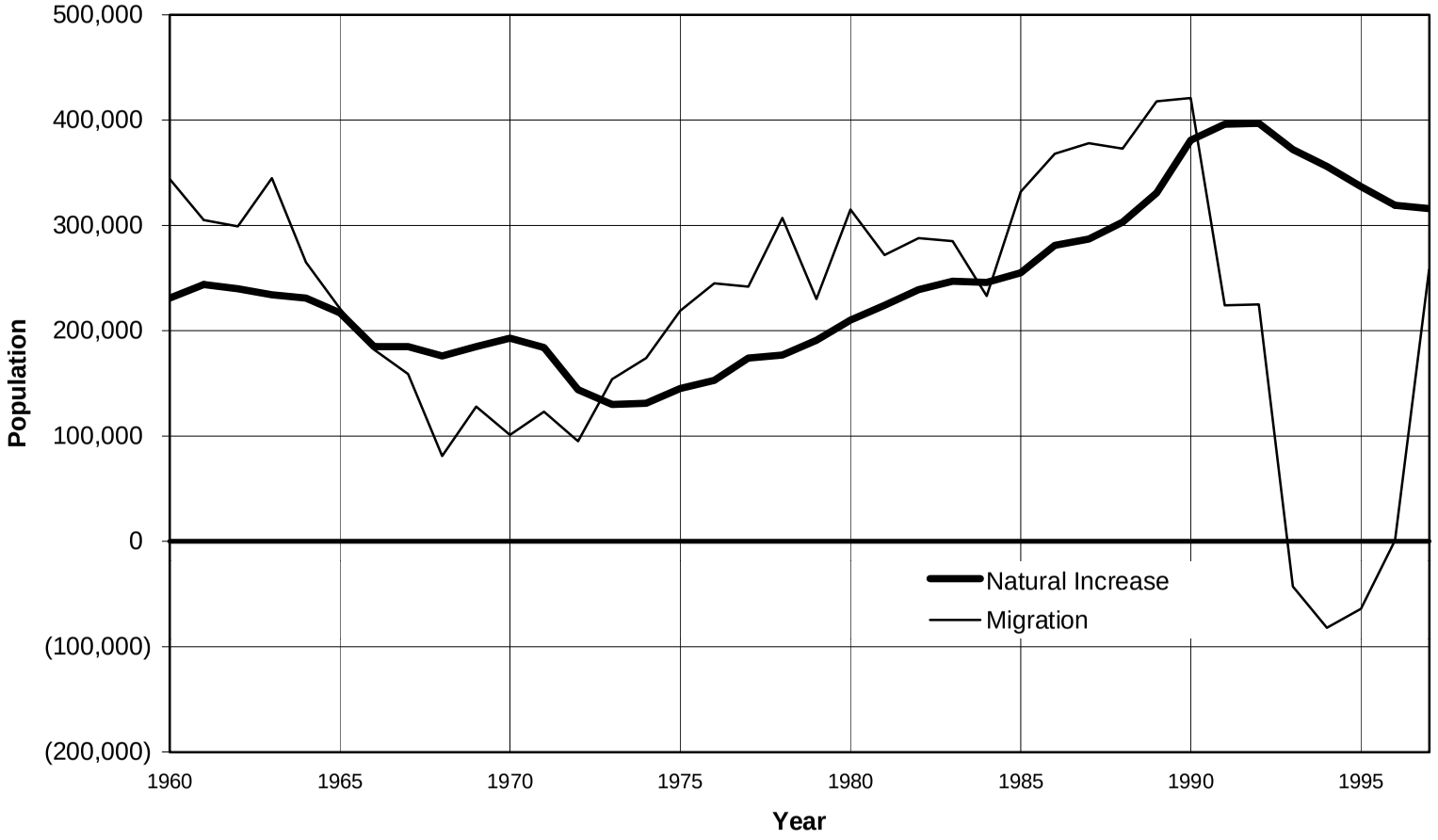


Source: California Department of Finance, Table E-7: Historical State Estimates, with Components of Change and Crude Rates,July 1941-1997 (released January 29, 1998).

Figure 2

Migration and Natural Increase in California

1960 to 1997



Source: California Department of Finance, Table E-7: Historical State Estimates, with Components of Change and Crude Rates,July 1941-1997 (released January 29, 1998).

million) was generated by the natural increase in population (excess births over deaths within the State). During the same period, migration into the State was about 520,000. However, in the July 1992 to July 1996 period, it is estimated that the State experienced negative migration, losing nearly 200,000 persons, though overall migration renewed in the July 1996 to July 1997 period, reaching nearly 260,000.

Aggregate figures mask the dynamics of change within the State (see Figure 3), however while net migration was negative between July 1992 to July 1995 (net in-migration plus domestic migration), net domestic migration was negative from July 1991 through July 1996. Thus, while 1.75 million persons migrated into California counties, more than 1.23 million migrated out of the State in the July 1990 to July 1997 period. Natural increases in population dampened in the July 1990 to July 1997 period, declining from nearly 400,000 at the beginning of the decade to about 315,000 in the July 1996 to July 1997 period. Moreover, while net domestic migration is no longer negative, it remains a minor portion of overall State change.

Not only did population change vary statewide, the distribution of population growth varied tremendously within the State, both in relation to the scale and sources of growth. Overall, growth in the State's metropolitan areas accounted for over 96 percent of population growth, including over 98 percent of natural population increase and 86 percent of migration-based population changes. Non-metropolitan areas were more heavily influenced by migration – only 35 percent of population growth in these areas was generated by natural increases in population. The overall pattern (see Figure 4) highlights the relative pace of change within individual counties within the State – the greatest rates of change are centered in the Central Valley and outlying suburban areas around all the major metropolitan areas.

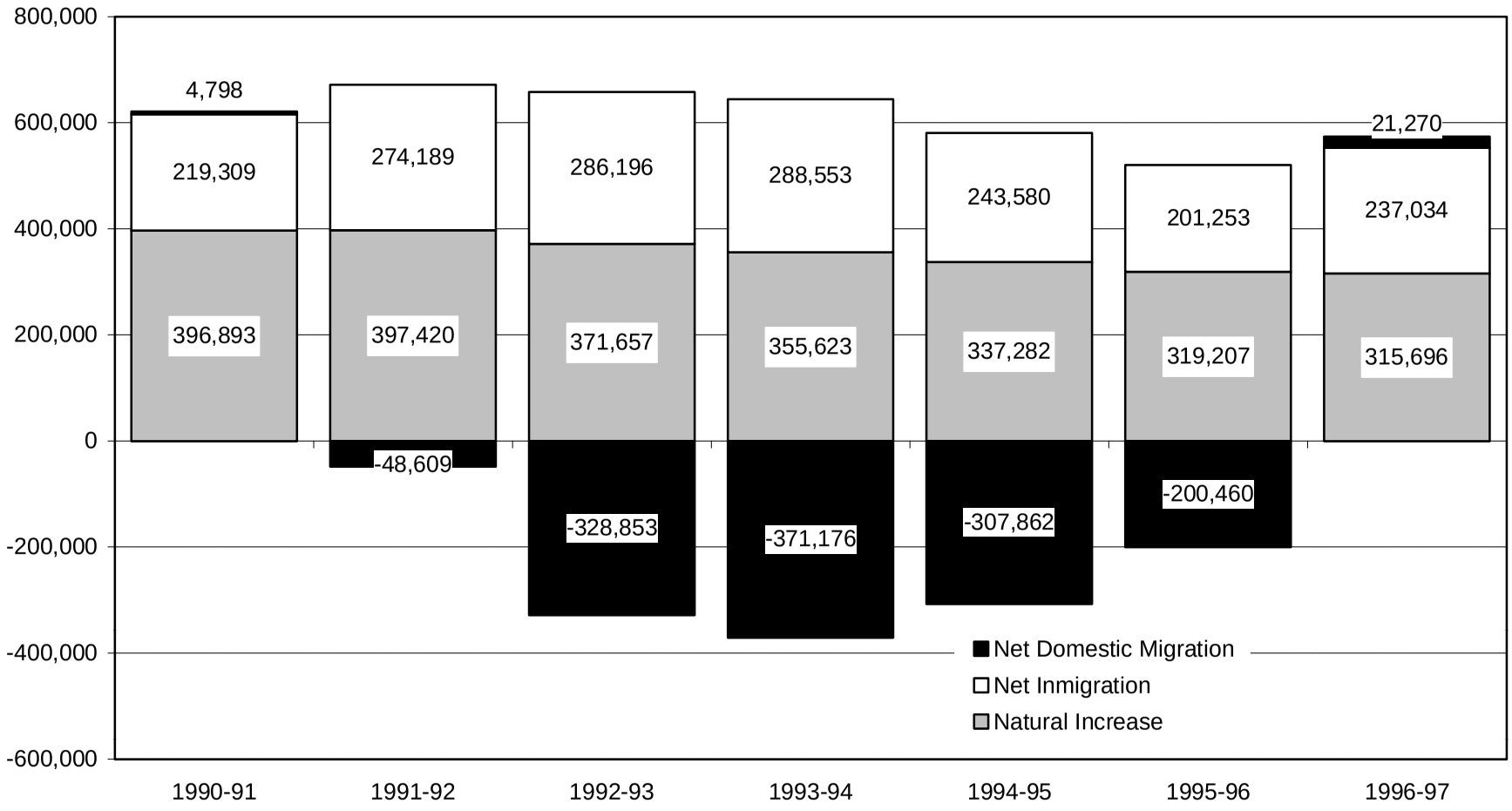
The overall pattern within the State in the 1990 to 1997 period highlights that while the Greater Los Angeles Region and the Bay Area remain the largest population centers in the State, they are growing more slowly than other areas in the State, consistent with a national trend of population shifts to smaller metropolitan (and non-metropolitan) areas. Within the metropolitan regions, the relative sources of population change were particularly revealing (see Table 1). The significant out-migration that occurred was concentrated in Los Angeles and Monterey counties, reflecting the impact of defense spending cutbacks and base closures. In the Greater Los Angeles Region, growth was heavily driven by natural increases in population, accounting for nearly all of the net population change within the Region. This was true in all counties within the Region, with natural increases generally providing the greatest driving force behind population changes. Within the Region, only in Riverside and Imperial counties did migration constitute a significant proportion of population change. Los Angeles County experienced negative migration of population, with 3 percent of population migrating from the County in the 1990 to 1997 period. To the south, overall growth in the San Diego Area was strong (11 percent overall), driven largely by natural increase (accounting for over 80 percent of aggregate growth).

Three regions in the State had population changes that were driven more heavily by migration – the Bay Area, Sacramento and the Northern California Non-metropolitan Region. In each of these areas, more than one-third of population change was generated by migration into the region. In the Bay Area, migration-induced growth accounted for about 40 percent of population change (although the Bay Area share of statewide population declined from 20.23 to 20.12 percent of total State population). Migration was a particularly significant component of change in San Francisco, Napa and Santa Rosa counties, with migration accounting for 84, 78 and 63 percent of population change, respectively.

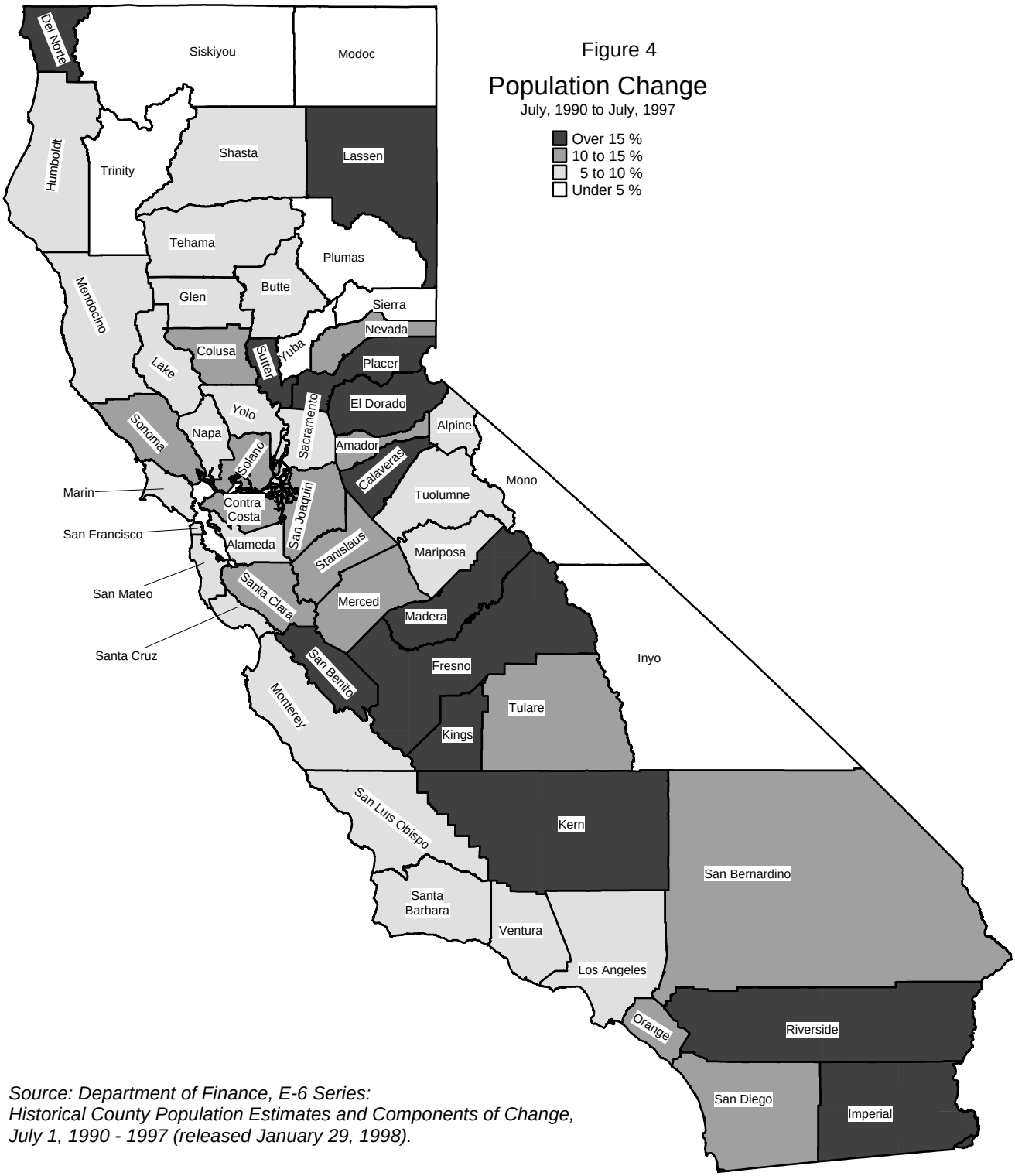
Figure 3

Sources of Population Growth in California

July, 1990 to July, 1997



Source: California Department of Finance, E-6: Historical County Population Estimates and Components of Change, July 1, 1990 - 1997 (released on January 29, 1998).



Source: Department of Finance, E-6 Series:
Historical County Population Estimates and Components of Change,
July 1, 1990 - 1997 (released January 29, 1998).

Table 1

Population and Sources of Change

1990 to 1997

	POPULATION		POPULATION CHANGE			SOURCES OF CHANGE				Share of Growth		
	April-90	July-97	Natural Increase	Migration	Total	Natural Increase	Migration	Total	Natural Increase as Percent of Growth	Share of Population in 1990	Share of Population in 1997	Share of Statewide Growth
Metropolitan Areas												
Greater Los Angeles Metro												
Los Angeles County	8,863,052	9,524,600	912,510	(250,962)	661,548	10%	-3%	7%	138%	29.78	28.90	20.68
Orange County	2,410,668	2,705,300	256,250	38,382	294,632	11%	2%	12%	87%	8.10	8.21	9.21
Riverside County	1,170,413	1,423,700	105,290	147,997	253,287	9%	13%	22%	42%	3.93	4.32	7.92
San Bernardino County	1,418,380	1,617,300	157,279	41,641	198,920	11%	3%	14%	79%	4.77	4.91	6.22
Ventura County	669,016	727,200	59,256	(1,072)	58,184	9%	0%	9%	102%	2.25	2.44	1.82
Imperial County*	109,303	142,700	14,339	19,058	33,397	13%	17%	31%	43%	0.37	0.43	1.04
Total Greater Los Angeles Metro Region	**14,640,832**	**16,140,800**	**1,504,925**	**(4,957)**	**1,499,968**	**10%**	**0%**	**10%**	**100%**	**49.20**	**54.24**	**46.89**
Bay Area												
San Francisco County	723,959	777,400	8,428	45,013	53,441	1%	6%	7%	16%	2.43	2.36	1.67
Marin County	230,096	243,300	7,196	6,008	13,204	3%	3%	6%	54%	0.77	0.74	0.41
San Mateo County	649,623	711,700	39,575	22,502	62,077	6%	3%	10%	64%	2.18	2.16	1.94
Alameda County	1,276,702	1,398,500	78,212	43,586	121,798	6%	3%	10%	64%	4.29	4.24	3.81
Contra Costa County	803,732	896,200	49,188	43,280	92,468	6%	5%	12%	53%	2.70	2.72	2.89
Santa Clara County	1,497,577	1,671,400	133,969	39,854	173,823	9%	3%	12%	77%	5.03	5.07	5.43
Sonoma County	388,222	432,800	16,349	28,229	44,578	4%	7%	11%	37%	1.30	1.31	1.39
Solano County	339,471	378,600	28,447	10,682	39,129	8%	3%	12%	73%	1.14	1.15	1.22
Napa County	110,765	121,200	2,337	8,098	10,435	2%	7%	9%	22%	0.37	0.37	0.33
Total Bay Area Region	**6,020,147**	**6,631,100**	**363,701**	**247,252**	**610,953**	**6%**	**4%**	**10%**	**60%**	**20.23**	**20.12**	**19.10**
Sacramento												
Sacramento County	1,041,219	1,146,800	79,419	26,162	105,581	8%	3%	10%	75%	3.50	3.48	3.30
Placer County	172,796	215,600	9,194	33,610	42,804	5%	19%	25%	21%	0.58	0.65	1.34
El Dorado County	125,995	147,400	6,245	15,160	21,405	5%	12%	17%	29%	0.42	0.45	0.67
Sutter County	64,415	76,100	4,657	7,028	11,685	7%	11%	18%	40%	0.22	0.23	0.37
Yuba County	58,228	61,200	5,537	(2,565)	2,972	10%	-4%	5%	186%	0.20	0.19	0.09
Yolo County	141,210	154,900	9,430	4,260	13,690	7%	3%	10%	69%	0.47	0.47	0.43
Total Sacramento Region	**1,603,863**	**1,802,000**	**114,482**	**83,655**	**198,137**	**7%**	**5%**	**12%**	**58%**	**5.39**	**5.47**	**6.19**
Central Valley												
Fresno County	667,490	778,700	76,216	34,994	111,210	11%	5%	17%	69%	2.24	2.36	3.48
Madera County	88,090	113,500	8,818	16,592	25,410	10%	19%	29%	35%	0.30	0.34	0.79
Kern County	544,981	634,400	59,998	29,421	89,419	11%	5%	16%	67%	1.83	1.92	2.80
San Joaquin County	480,628	542,200	39,825	21,747	61,572	8%	5%	13%	65%	1.62	1.65	1.92
Stanislaus County	370,522	425,400	32,555	22,323	54,878	9%	6%	15%	59%	1.25	1.29	1.72
Merced County	178,403	202,000	21,781	1,816	23,597	12%	1%	13%	92%	0.60	0.61	0.74
Tulare County	311,921	358,300	34,609	11,770	46,379	11%	4%	15%	75%	1.05	1.09	1.45
Kings County*	101,469	117,700	11,679	4,552	16,231	12%	4%	16%	72%	0.34	0.36	0.51
Total Central Valley Region	**2,743,504**	**3,172,200**	**285,480**	**143,216**	**428,696**	**10%**	**5%**	**16%**	**67%**	**9.22**	**9.63**	**13.40**
San Diego Region	2,498,016	2,763,400	220,016	45,368	265,384	9%	2%	11%	83%	8.39	8.38	8.30

Table 1 (continued)

Population and Sources of Change

1990 to 1997

	POPULATION		POPULATION CHANGE			SOURCES OF CHANGE				Share of Growth		
	April-90	July-97	Natural Increase	Migration	Total	Natural Increase	Migration	Total	Natural Increase as Percent of Growth	Share of Population in 1990	Share of Population in 1997	Share of Statewide Growth
Central Coast Region												
Monterey County	355,660	377,800	37,664	(15,524)	22,140	11%	-4%	6%	170%	1.20	1.15	0.69
San Luis Obispo County	217,162	234,700	6,742	10,796	17,538	3%	5%	8%	38%	0.73	0.71	0.55
Santa Barbara County	369,608	400,800	26,049	5,143	31,192	7%	1%	8%	84%	1.24	1.22	0.98
Santa Cruz County	229,734	247,200	15,434	2,032	17,466	7%	1%	8%	88%	0.77	0.75	0.55
San Benito County*	36,697	46,150	3,865	5,588	9,453	11%	15%	26%	41%	0.12	0.14	0.30
Total Central Coast Region	**1,208,861**	**1,306,650**	**89,754**	**8,035**	**97,789**	**7%**	**1%**	**8%**	**92%**	**4.06**	**3.96**	**3.06**
Northern California Region												
Butte County	182,120	198,500	3,928	12,452	16,380	2%	7%	9%	24%	0.61	0.60	0.51
Shasta County	147,036	163,300	4,805	11,459	16,264	3%	8%	11%	30%	0.49	0.50	0.51
Tehama County*	49,625	54,700	1,257	3,818	5,075	3%	8%	10%	25%	0.17	0.17	0.16
Glenn County*	24,798	26,900	1,647	455	2,102	7%	2%	8%	78%	0.08	0.08	0.07
Colusa County*	16,275	18,600	1,291	1,034	2,325	8%	6%	14%	56%	0.05	0.06	0.07
Total Northern California Region	**419,854**	**462,000**	**12,928**	**29,218**	**42,146**	**3%**	**7%**	**10%**	**31%**	**1.41**	**1.40**	**1.32**
NONMETROPOLITAN AREAS												
Northern California Nonmetropolitan Region												
Del Norte County*	23,460	28,400	896	4,044	4,940	4%	17%	21%	18%	0.08	0.09	0.15
Humboldt County*	119,118	126,100	3,657	3,325	6,982	3%	3%	6%	52%	0.40	0.38	0.22
Mendocino County*	80,345	86,000	2,590	3,065	5,655	3%	4%	7%	46%	0.27	0.26	0.18
Lake County*	50,631	55,100	(634)	5,103	4,469	-1%	10%	9%	-14%	0.17	0.17	0.14
Siskiyou County*	43,531	44,300	106	663	769	0%	2%	2%	14%	0.15	0.13	0.02
Modoc County*	9,678	10,150	139	333	472	1%	3%	5%	29%	0.03	0.03	0.01
Trinity County*	13,063	13,250	42	145	187	0%	1%	1%	22%	0.04	0.04	0.01
Lassen County*	27,598	33,850	1,074	5,178	6,252	4%	19%	23%	17%	0.09	0.10	0.20
Plumas County*	19,739	20,450	17	694	711	0%	4%	4%	2%	0.07	0.06	0.02
Sierra County*	3,318	3,370	(63)	115	52	-2%	3%	2%	-121%	0.01	0.01	0.00
Nevada County*	78,510	88,400	867	9,023	9,890	1%	11%	13%	9%	0.26	0.27	0.31
Total Northern California Nonmetropolitan Region	**468,991**	**509,370**	**8,691**	**31,688**	**40,379**	**2%**	**7%**	**9%**	**22%**	**1.58**	**1.55**	**1.26**
Central-Southern California Region												
Amador County*	30,039	33,450	(300)	3,711	3,411	-1%	12%	11%	-9%	0.10	0.10	0.11
Alpine County*	1,113	1,200	49	38	87	4%	3%	8%	56%	0.00	0.00	0.00
Calaveras County*	31,998	37,950	213	5,739	5,952	1%	18%	19%	4%	0.11	0.12	0.19
Tuolumne County*	48,456	52,200	188	3,556	3,744	0%	7%	8%	5%	0.16	0.16	0.12
Mariposa County*	14,302	15,950	159	1,489	1,648	1%	10%	12%	10%	0.05	0.05	0.05
Mono County*	9,956	10,500	786	(242)	544	8%	-2%	5%	144%	0.03	0.03	0.02
Inyo County*	18,281	18,300	223	(204)	19	1%	-1%	0%	1175%	0.06	0.06	0.00
Total Central-Southern California Region	**154,145**	**169,550**	**1,318**	**14,087**	**15,405**	**1%**	**9%**	**10%**	**9%**	**0.52**	**0.51**	**0.48**
All Metropolitan Areas	**28,796,910**	**31,871,400**	**2,557,207**	**517,283**	**3,074,490**	**9%**	**2%**	**11%**	**83%**	**96.77**	**96.71**	**96.11**
***Non-Metropolitan Areas**	**961,303**	**1,085,670**	**44,089**	**80,278**	**124,367**	**5%**	**8%**	**13%**	**35%**	**3.23**	**3.29**	**3.89**
Total State	**29,758,213**	**32,957,070**	**2,601,296**	**597,561**	**3,198,857**	**9%**	**2%**	**11%**	**81%**	**100.00**	**100.00**	**100.00**

Source: California Department of Finance, E-6: Historical Population Estimates and Components of Change, July 1, 1990 - 1997 (Released January 29, 1998)

In the Sacramento Region, strong migration was experienced in Placer, Sutter and El Dorado counties. Overall, the region experienced about a 12 percent rate of growth during the 1990 to 1997 period, with over 40 percent of growth generated by migration into counties within the Region.

Counties throughout the Central Valley experienced the highest rate of growth within the State, averaging 16 percent during the 1990 to 1997 period. This growth was influenced by strong natural increase throughout the Region (averaging 10 percent in the Region) and a strong pattern of migration within counties of the Region (over 5 percent on average). By mid-1997, the Region had increased from 9.22 percent of statewide population to about 9.63 percent, the single largest regional change in population share within the State.

Population changes – both natural increase and migration – throughout the decade have thus shifted the relative share of population within individual counties and regions. Despite overall growth in the Greater Los Angeles, Bay Area and San Diego regions, their share of overall State population declined between 1990 and 1997 (although Orange, Riverside and San Bernardino counties expanded significantly as a share of the State). Conversely, the share of statewide population within the central portion of the State increased, particularly the Central Valley Region (and to a lesser extent the Sacramento Region). The relative share of statewide population in the remaining regions of the State did not shift significantly.

The composition of population within the State has also changed (see Table 2). Overall, in the 1990 to 1996 period (the last period with detailed ethnic/racial breakdowns), the relative composition of population continues to change. For this period, there was a net change in population of 2.6 million, comprised largely of an excess of births over deaths within the State (about 87 percent of overall growth was generated by natural increases in population). White population within the State accounted for about 2 percent of this change, with statewide out-migration of approximately 313,000 individuals offsetting a natural increase of 360,000. Growth in the Hispanic population accounted for 63 percent of the population change within the State, about 64 percent of natural population increase and an additional 188,000 residents that migrated to the State. Asian and Pacific Islanders accounted for about 28 percent of population change, heavily centered in migration (with over 451,000 new residents migrating to the State). Black population within the State accounted for about 7 percent of overall population change, largely a reflection of natural increase during the period. Finally, Native Americans accounted for about .4 percent of statewide population growth, limited to natural increase (with out-migration of about 3,500 from the State during the period).

Underlying population change has and will continue to influence both the nature and level of demand for housing throughout the State. Growth generated by natural increases in population will not necessarily be expressed in immediate demands for new housing units but a fall off in migration will likely dampen overall demand for housing (since these households must establish new residence in the State, they are more likely to generate short-term housing demand). The underlying age structure of existing population will form households at a predictable rate, not strongly influenced by natural increase (see Figure 5).

Migration will thus tend to generate increased housing demand (regardless of age of migrating households). Migration has only recently returned close to historic patterns; this may spur household demand within the State, particularly in locations that have absorbed these new households. This impact has been uneven. While decreased migration particularly impacted the Greater Los Angeles Region, it was most strongly felt in Los Angeles County. During this same period, migration accounted for a 13 percent increase in population within Riverside County. Throughout the Bay Area,

Table 2
State of California
Population Change April, 1990 to July, 1996
and Components of Change

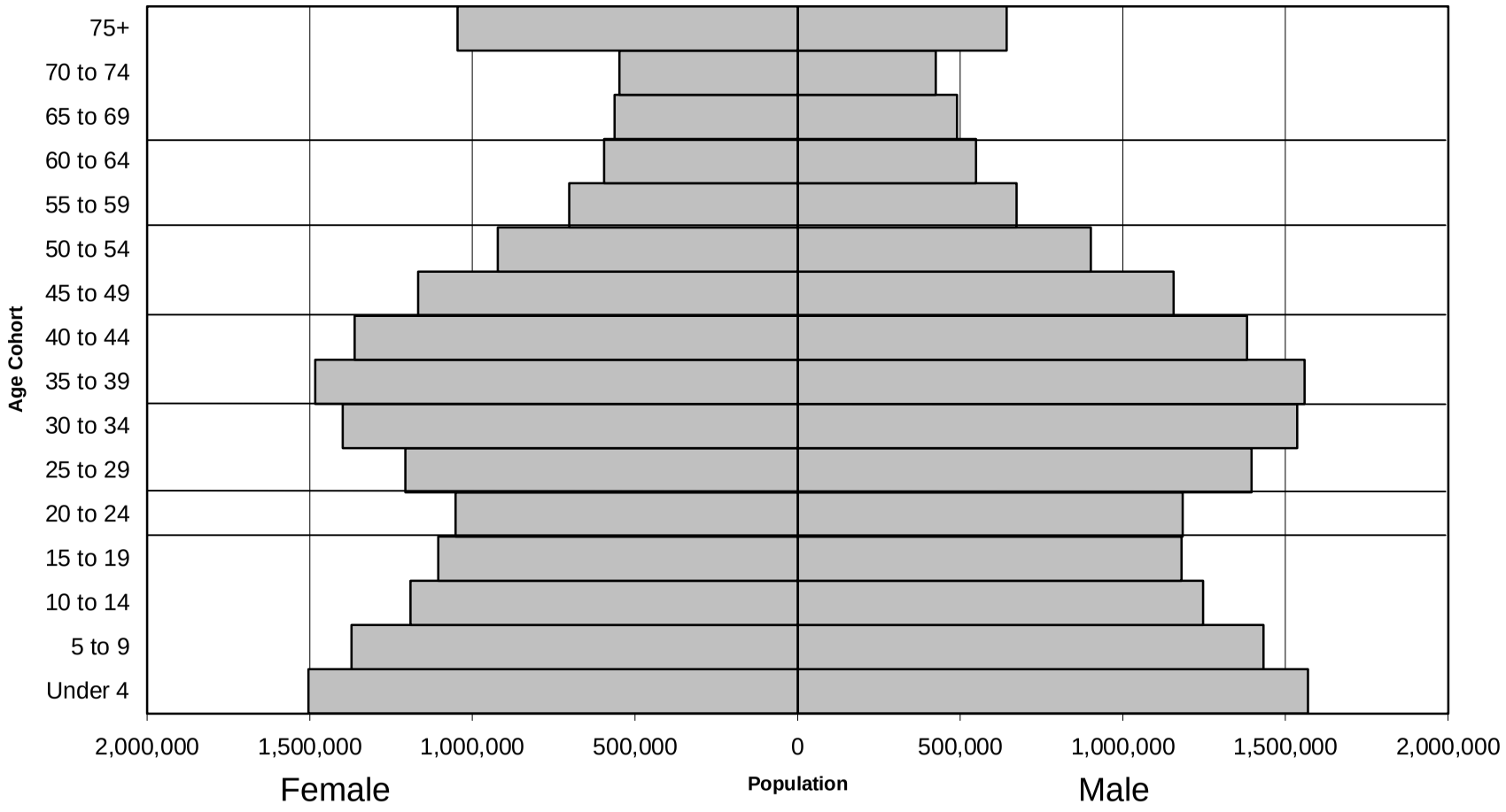
	Population		1990 to 1996 Change	
	April, 1990	July, 1996	Natural Increase	Net Migration
White	17,084,368	17,130,818	359,521	-313,071
Hispanic	7,687,887	9,330,829	1,455,194	187,748
Asian/Pacific Islander	2,709,932	3,452,610	291,156	451,522
Black	2,091,964	2,275,332	159,637	23,731
Native American	184,062	193,499	12,882	-3,445
Total	29,758,213	32,383,087	2,278,390	346,484
Total Change		2,624,874	2,278,390	346,484

	Share of Growth Attributable to ….			Percent of State Population	
	Natural Increase	Net Migration	Total Share of Growth	April, 1990	July, 1996
White	13.7%	-11.9%	1.8%	57.4%	52.9%
Hispanic	55.4%	7.2%	62.6%	25.8%	28.8%
Asian/Pacific Islander	11.1%	17.2%	28.3%	9.1%	10.7%
Black	6.1%	0.9%	7.0%	7.0%	7.0%
Native American	0.5%	-0.1%	0.4%	0.6%	0.6%
Total Change	86.8%	13.2%	100.0%	100.0%	100.0%

Source: California Department of Finance, Race/Ethnicity Poulation Estimates:
Components of Change of Race for California Counties and State, April 1990 to July 1996
(released on February 4, 1998).

Figure 5

Population by Age Cohort, 1997



Source: California Department of Finance

Sacramento, Central Valley and Northern California regions, migrating households were consistently a strong part of overall population change, felt to lesser degrees throughout the State. However, as recent population changes illustrate, net migration has returned to nearly every region in the State (see Figure 6). In the Bay Area, San Diego, the Central Coast, and the non-metropolitan regions, migration in the July 1996 to 1997 period accounted for over 1 percent of existing population, implying increased demand pressure spurred by these new arrivals.

The sources of population growth within individual counties during the July 1996 to July 1997 period echo this trend (see Table 1). In the Greater Los Angeles Region, migration into Los Angeles County remains relatively weak, accounting for only about 16 percent of overall population increase in the County, while migration in Orange, Riverside, and Ventura counties accounts for between 40 and 57 percent of overall population change during the July 1996 to July 1997 period. Conversely, with two exceptions, migration for counties throughout the Bay Area Region accounts for at least 60 percent of overall population change (reaching more than 90 percent in San Francisco County). In the Sacramento Region, outlying counties experienced high migration levels (generally at least two-thirds of overall population change). Migration of population into counties within the Central Valley Region varied significantly, with Madera, San Joaquin and Stanislaus counties experiencing higher relative migration, while Fresno and Tulare counties experienced relatively low migration levels. Migration levels for both San Diego and all counties within the Central Coast Region were relatively high, generally accounting for between 55 and 80 percent of overall population change. Migration to the Northern California Region was relatively strong, with Butte, Shasta and Tehama counties all experiencing shares of migration that were above 70 percent of overall change during the July 1996 to July 1997 period. In both non-metropolitan regions, migration was a significant source of population change in nearly all counties, generally accounting for nearly all growth in population within the counties.

The California Economy – Recession and Recovery

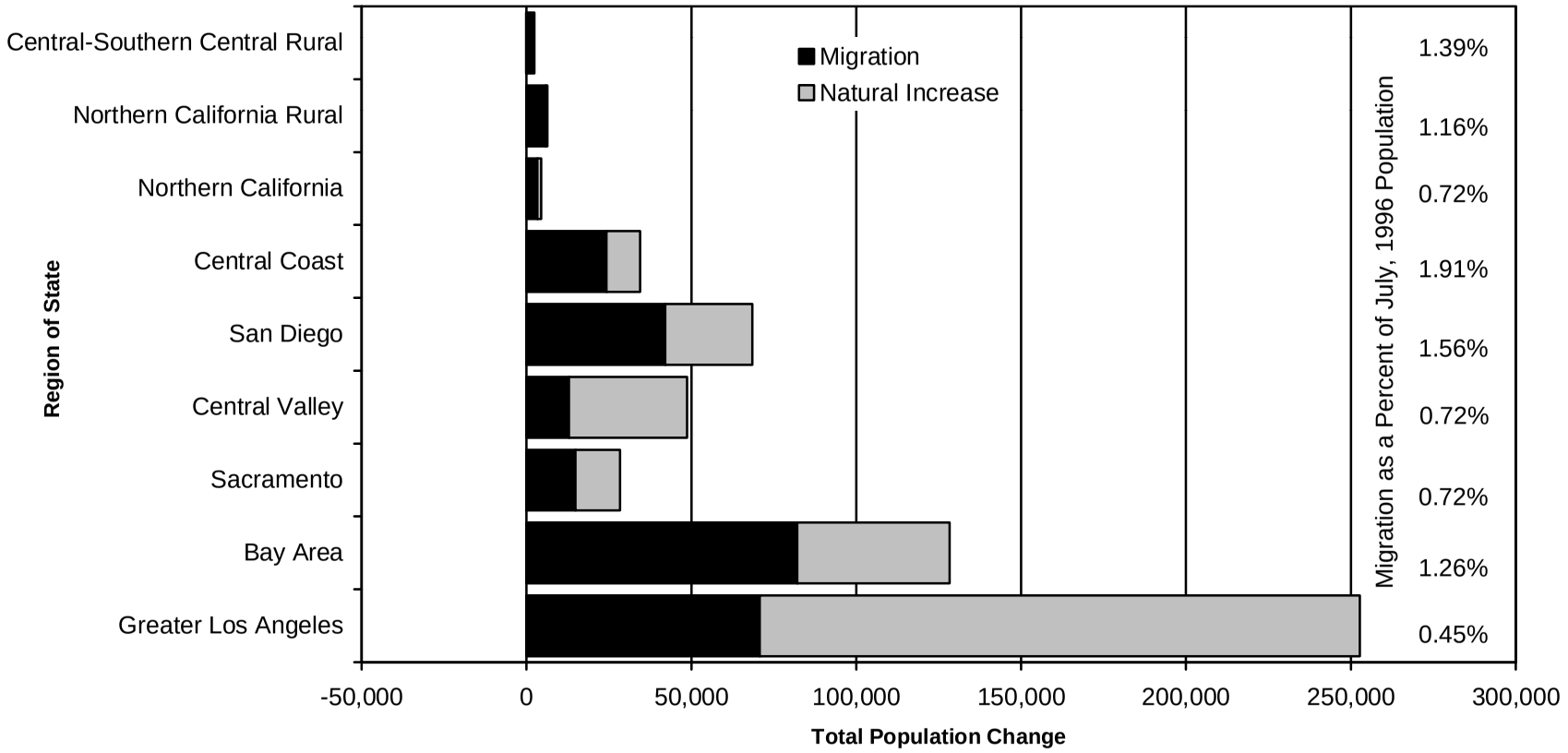
Throughout the early part of the 1990s, the State economy entered a significant and prolonged recession that was felt in varying degrees throughout the State (see Figure 7). Overall, employment in the State declined by nearly 3 percent between the beginning of 1990 and the end of 1993 (a loss of 176,000 jobs). However, between 1994 and 1997, employment grew by over 1.1 million and the State's unemployment rate fell from a high of 9.7 percent in January 1993 to about 6 percent by the end of 1997.

Employment change within individual industries varied significantly during this decade. From January, 1990 to December, 1993, employment in Transportation, Communications and Utilities (TCU) and Services increased modestly, 1.5 and 6.3 percent respectively (see Figure 8 and Table 3). The remaining employment sectors all declined, ranging from -.2 percent for Finance, Insurance and Real Estate (FIRE), to -21.7 and -15.1 percent respectively in the Construction and Manufacturing sectors. Manufacturing declines were unevenly distributed; Durable Manufacturing employment declined by 21.6 percent while Non-durable Manufacturing had declined by about 2.4 percent. With the exception of FIRE, all sectors in the economy recovered in the 1994 to 1997 period, at least returning to positive employment growth. Thus, while the recession caused an absolute constriction in the early 1990s, employment levels recovered, and overall employment within industries had risen by about 7 percent by the end of 1997 (although Manufacturing and FIRE had not returned to beginning of decade levels by the end of 1997).

Figure 6

Components of Growth in California Regions

July, 1996 to July, 1997



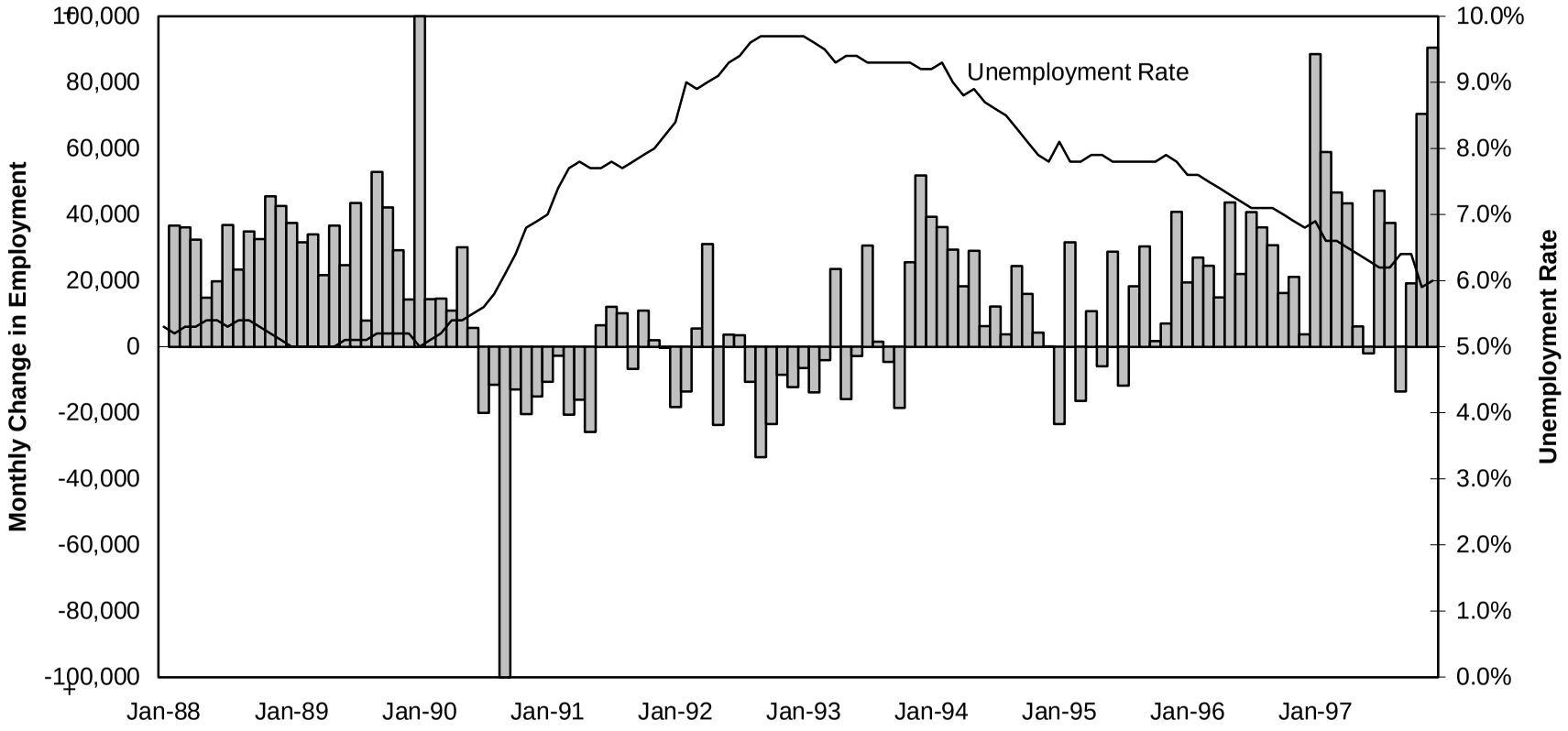
Source: California Department of Finance, Table E-6: Historical County Population Estimates and Components of Change, July 1, 1990 to July 1, 1997. (Released January 25, 1998).

Figure 7

California Unemployment Rate and Growth in Employment

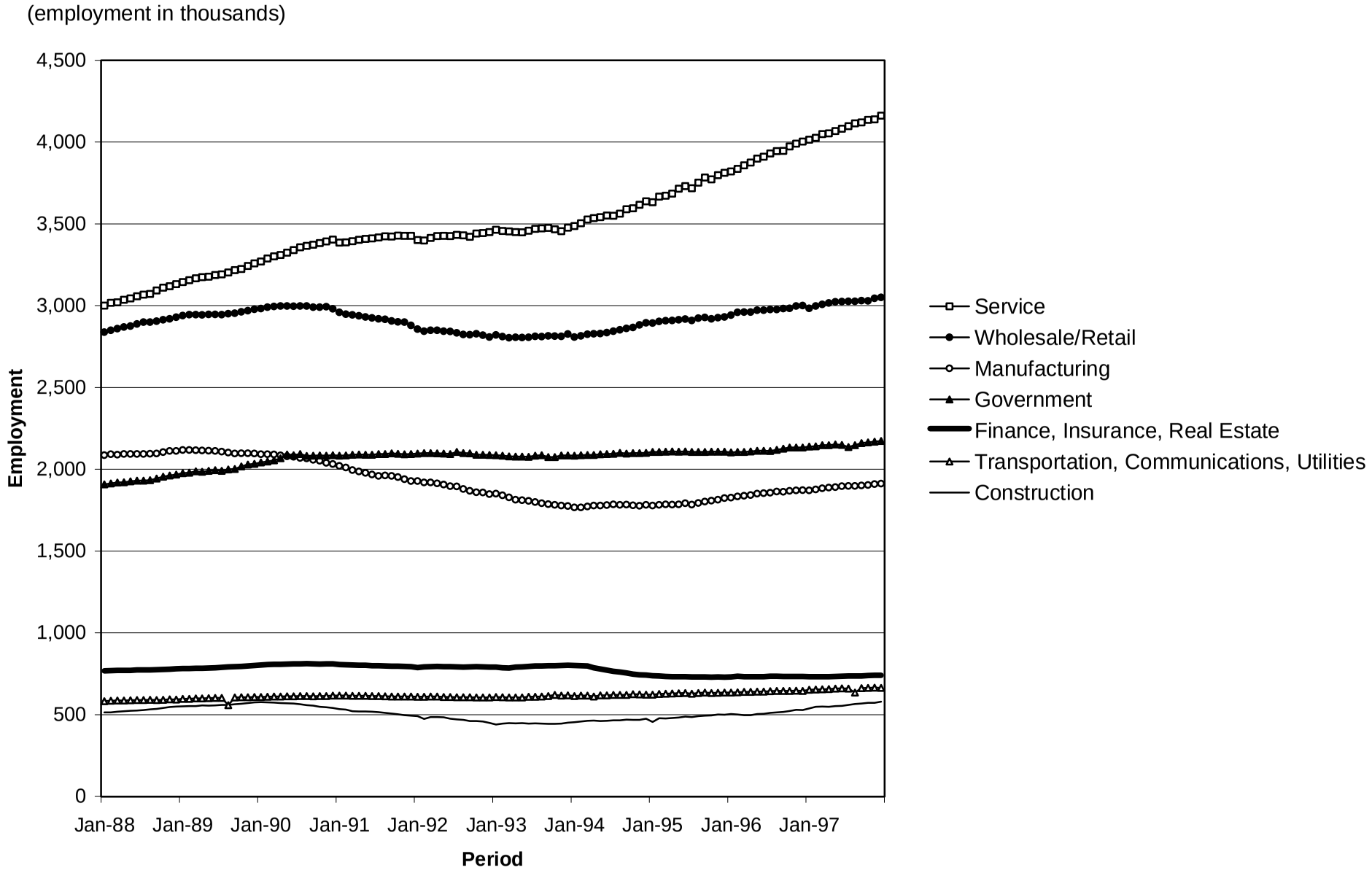
January, 1988 to December, 1997

(seasonally adjusted estimates)



Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, January, 198 8 to December, 1997.

Figure 8
Employment Change by Sector for State of California
January, 1988 to December, 1997



Source: US Bureau of Labor Statistics, SAS06 Series.

Table 3.
Employment Change in California
January 1990 to December 1997

Industrial Sector	% Change in 1990-93 Period	% Change in the 1994 to 1997 Period	% Change in the 1990-97 Period
Construction	-21.7	27.8	0.7
Manufacturing	-15.1	8.3	-8.6
Durable manufacturing	-21.6	9.3	-14.9
Non-durable manufacturing	-2.4	6.6	3.7
Transportation, Communications and Utilities	1.5	8.1	9.2
Wholesale Trade	-9.7	11.9	1.2
Retail Trade	-3.7	7.5	2.7
Finance, Insurance and Real Estate	-0.2	-7.4	-7.8
Services	6.3	19.4	27.3
Government	2.1	4.3	6.4
Total Employment	-2.8	10.6	7.3

Source: U.S. Bureau of Labor Statistics, Employees on Non Farm Payrolls by State and selected Industry Division (seasonally adjusted), various years.

This recession was felt throughout the State. All regions of the State experienced rising unemployment during the early 1990s. Although the relative depth of the recession varied widely within the State (see Table 4).

- In the Bay Area, employment was strong prior to the recession. Thus, unemployment rates reached only 6.5 percent by 1993, rising from 3.8 percent at the beginning of the decade. Individual counties in the Bay Area generally followed this trend. With the exception of Solano and Napa counties, unemployment generally remained relatively low throughout the Bay Area (under 7 percent).

- In contrast, with the exception of Orange County, the Greater Los Angeles Region entered the decade with higher unemployment. By 1993, all areas except Orange County faced unemployment rates above 9 percent throughout the region (up to nearly 12 percent in the Riverside area and over 28 percent in the Imperial County area). Both San Diego and the Sacramento Region experienced unemployment levels between these extremes. In San Diego, unemployment rose to about 7.7 percent by 1993, up from 4.7 at the turn of the decade.

- In the Sacramento Region, while unemployment within counties within the Sacramento metropolitan area rose to about 8.2 percent in 1993, the Yuba City metropolitan area continued to lag the rest of the Region, experiencing unemployment rates that reached nearly 20 percent by the end of 1993.

Table 4

Unemployment Rate in the State of California

1990 to 1996

	1990	1991	1992	1993	1994	1995	1996
Metropolitan Areas							
Greater Los Angeles Metro							
Los Angeles County	5.9	8.2	9.8	9.8	9.4	7.9	8.2
Orange County	3.5	5.3	6.8	6.8	5.7	5.1	4.1
Riverside County	7.0	9.8	11.6	11.9	10.5	9.6	8.2
San Bernardino County	5.5	8.0	9.4	9.9	8.6	7.9	7.2
Ventura County	5.7	7.4	8.9	8.9	7.8	7.4	7.1
Imperial County*	24.7	25.0	29.4	28.5	26.2	28.8	29.4
Total Greater Los Angeles Area	**5.6**	**7.8**	**9.5**	**9.6**	**8.8**	**7.7**	**7.5**
Bay Area							
San Francisco County	3.8	5.4	6.9	7.0	6.4	6.1	4.7
Marin County	2.5	3.8	5.1	5.1	4.6	4.3	3.4
San Mateo County	2.6	4.0	5.1	5.0	4.7	4.3	3.4
Alameda County	4.0	5.3	6.5	6.6	6.1	5.8	5.0
Contra Costa County	4.0	5.4	6.5	6.5	6.2	5.8	4.9
Santa Clara County	4.0	5.7	6.9	6.8	6.2	5.0	3.6
Sonoma County	3.9	5.5	7.1	6.5	5.8	5.5	4.4
Solano County	4.7	6.1	7.3	8.1	7.6	7.9	7.6
Napa County	4.1	5.6	7.0	7.8	6.9	6.3	6.0
Total Bay Area	**3.8**	**5.3**	**6.5**	**6.5**	**6.0**	**5.5**	**4.4**
Sacramento							
Sacramento County	4.5	6.5	8.1	8.3	7.2	6.8	6.0
Placer County	4.1	6.3	8.3	7.9	6.6	6.3	5.4
El Dorado County	4.4	6.5	8.3	8.5	7.1	7.0	6.3
Sutter County	13.7	16.4	19.0	19.0	16.4	17.3	15.7
Yuba County	10.3	13.4	16.8	17.9	15.7	14.6	13.9
Yolo County	6.7	7.6	8.0	7.8	6.8	6.9	6.3
Total Sacramento Area	**5.2**	**7.2**	**8.8**	**8.9**	**7.7**	**7.4**	**6.6**
Central Valley							
Fresno County	11.7	13.4	15.7	15.4	13.8	14.1	13.0
Madera County	13.5	14.9	16.9	16.0	14.8	15.1	14.1
Kern County	10.7	11.9	15.5	15.8	14.7	13.8	12.7
San Joaquin County	9.7	11.7	13.9	14.0	12.6	12.3	11.2
Stanislaus County	11.8	14.6	16.5	16.7	15.7	15.3	14.0
Merced County	12.2	14.8	16.5	17.0	15.5	16.9	16.2
Tulare County	11.8	17.3	16.6	17.9	16.0	16.6	15.9
Kings County*	10.7	12.0	15.3	15.3	13.7	14.5	12.9
Total Central Valley Area	**11.2**	**13.5**	**15.6**	**15.8**	**14.4**	**14.4**	**13.3**
San Diego	**4.7**	**6.3**	**7.3**	**7.7**	**7.0**	**6.4**	**5.3**

Table 4 (continued)

Unemployment Rate in the State of California

1990 to 1996

	1990	1991	1992	1993	1994	1995	1996
Central Coast							
Monterey County	9.5	11.2	12.4	12.9	12.1	12.5	11.0
San Luis Obispo County	4.8	6.2	7.8	8.4	7.1	6.5	5.5
Santa Barbara County	4.9	5.9	7.4	7.6	7.2	6.7	5.7
Santa Cruz County	7.1	8.8	9.7	10.4	9.7	9.1	8.3
San Benito County*	11.7	15.5	16.9	15.6	13.7	13.5	11.9
Total Central Coast	**6.9**	**8.4**	**9.7**	**10.1**	**9.3**	**9.0**	**8.0**
Northern California							
Butte County	5.3	3.4	2.9	2.7	2.7	3.0	2.5
Shasta County	8.7	10.9	13.2	12.6	11.9	11.3	9.9
Tehama County*	9.7	11.1	12.4	13.2	11.3	11.0	10.4
Glenn County*	11.4	14.3	17.3	17.2	15.7	15.2	14.9
Colusa County*	14.0	17.5	21.1	21.8	18.1	19.7	19.1
Northern California	**8.0**	**8.8**	**10.1**	**9.7**	**9.0**	**8.8**	**7.9**
NONMETROPOLITAN AREAS							
Northern Nonmetropolitan California							
Del Norte County*	11.1	11.1	14.2	13.6	11.9	12.3	10.2
Humboldt County*	7.7	8.5	9.8	9.8	8.6	8.3	7.5
Mendocino County*	7.8	10.8	12.7	11.3	9.5	9.6	8.4
Lake County*	8.7	10.4	12.7	13.5	11.8	11.7	11.4
Siskiyou County*	11.6	12.5	15.0	15.5	14.0	14.5	13.4
Modoc County*	8.3	10.8	11.1	13.0	11.8	12.9	11.8
Trinity County*	11.1	12.9	15.0	16.3	14.2	14.5	14.2
Lassen County*	8.0	8.5	9.3	12.3	11.2	11.0	10.6
Plumas County*	9.1	10.1	12.7	14.4	14.2	13.3	11.9
Sierra County*	8.8	8.9	9.1	11.2	10.2	9.4	10.9
Nevada County*	4.8	6.4	8.4	8.2	7.4	7.3	6.8
Northern Nonmetropolitan California	**8.1**	**9.4**	**11.3**	**11.4**	**10.1**	**10.0**	**9.1**
Central-Southern California							
Amador County*	4.7	6.3	8.4	9.1	8.0	8.2	6.6
Alpine County*	11.4	15.3	19.2	11.3	10.6	10.2	9.7
Calaveras County*	6.1	8.3	10.8	11.8	11.1	11.1	9.2
Tuolumne County*	6.4	8.2	10.8	11.8	10.9	10.8	10.2
Mariposa County*	5.7	7.1	8.8	9.9	9.4	9.4	8.8
Mono County*	6.1	12.2	10.7	9.0	10.3	10.9	10.5
Inyo County*	7.2	9.7	11.4	11.0	10.6	9.3	8.4
Central-Southern California Region	**6.0**	**8.3**	**10.2**	**10.8**	**10.2**	**10.1**	**9.0**
Total State	**5.7**	**7.7**	**9.2**	**9.3**	**8.6**	**7.8**	**7.2**

* Non-metropolitan County

SOURCE: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, various years.

- Counties within the Northern California Region (Shasta to Colusa counties) experienced dramatically different responses to the recession, from less than 3 percent unemployment in the Chico-Paradise area (where unemployment actually declined through the early part of the decade) to over 21 percent in Colusa County.

- In general, the recession hit the remaining regions of the State fairly hard. While several areas within the Central Coast Region had rates that consistently remained under 8 percent, unemployment within the Region reached more than 10 percent by the end of 1993. The Region entered the decade with relatively high unemployment (about 11.2 percent overall in 1990). By 1993, the Region's unemployment rates had reached nearly 16 percent. Finally, overall unemployment in both the Northern and Central non-metropolitan California regions averaged between 10 and 11 percent, with unemployment within individual counties reaching up to nearly 20 percent.

If the recession was unevenly experienced, recovery from the recession also has been uneven. During the 1994 to 1996 period, the relative change in unemployment rates reveals the pace of recovery from the recession (see Figure 9). The Bay Area was less impacted than Southern California, and overall employment during the 1994 to 1996 period remained strong.

The Greater Los Angeles Region was severely impacted by the recession, and the recovery, while strong, produced uneven employment growth, strong in Orange County and the Riverside/San Bernardino areas, but less in Los Angeles County through the 1996 period. In addition, the Sacramento Area and portions of the Central Valley, the Northern California non-metropolitan Region and coastal areas also expanded employment.

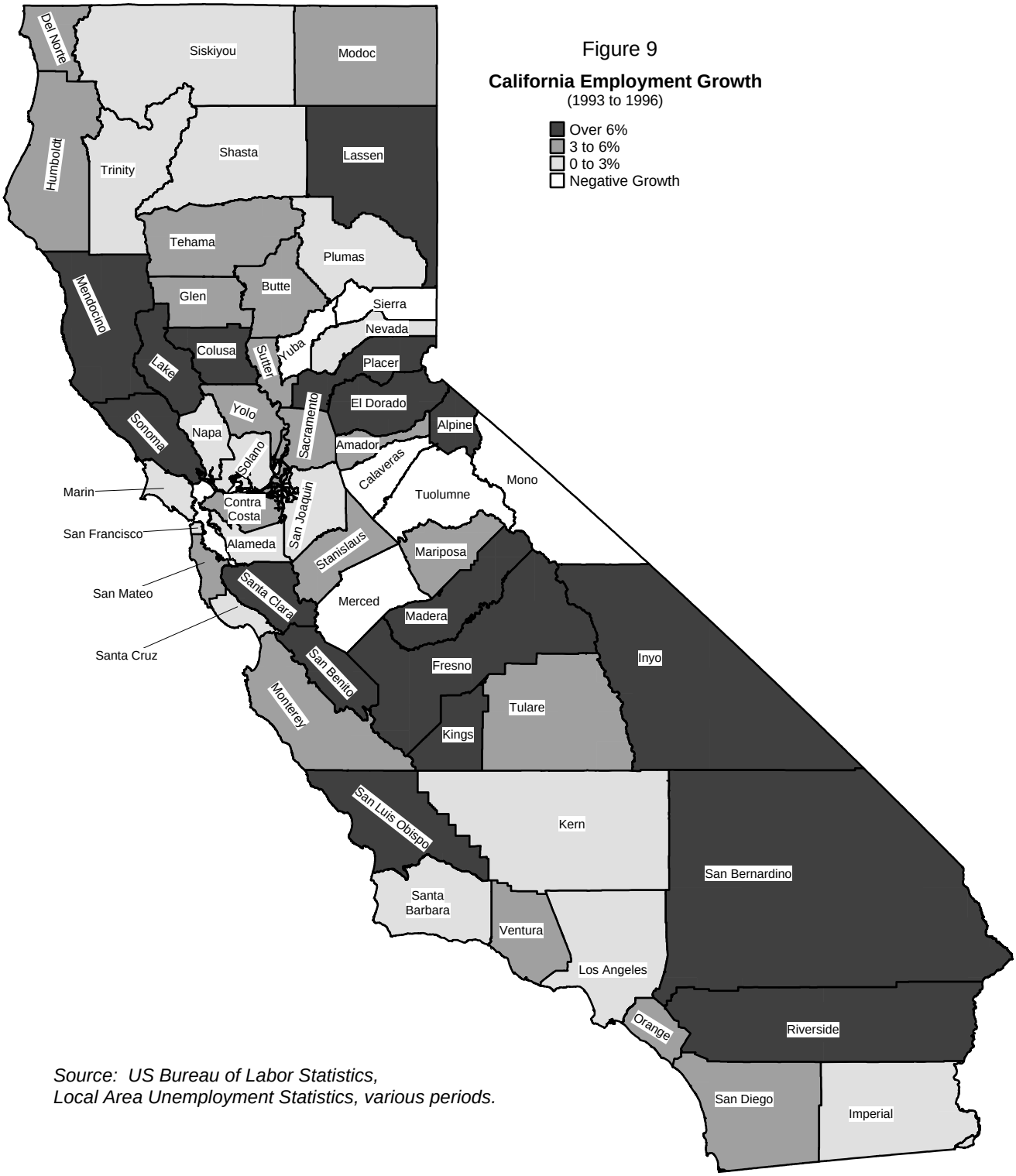
Disparities within the State persisted to the end of 1997 (see Figure 10). While the Bay Area, San Diego and Sacramento areas have experienced strong growth, with unemployment rates below 6 percent at the end of 1997, the Greater Los Angeles Region still had relatively higher rates of unemployment throughout much of the Region (excepting Orange County). In addition, relatively high unemployment levels persisted in much of the Central Valley and non-metropolitan Regions of the State. While employment estimates indicated a gradual improvement within these regions, the sluggish recovery in these areas impacted both the rental and ownership markets, with relatively flat home price movements and weak construction activity.

The varying behavior of the various economies within the State continued to influence the performance of housing markets throughout the State (through the end of 1997). In particular, strong economic performance in the Bay Area generated pressure on housing markets, with both rents and prices impacted by the overall strong economic performance. Similarly, Orange County experienced price pressure, while prices and rents in the rest of the Greater Los Angeles Region lagged. As the Region has continued to recover, the housing market has begun to experience increased pressures. As discussed in subsequent sections, overall price and rent movements have been, and will continue to be, influenced by economic conditions within the regions and counties of California.

Figure 9

California Employment Growth

(1993 to 1996)

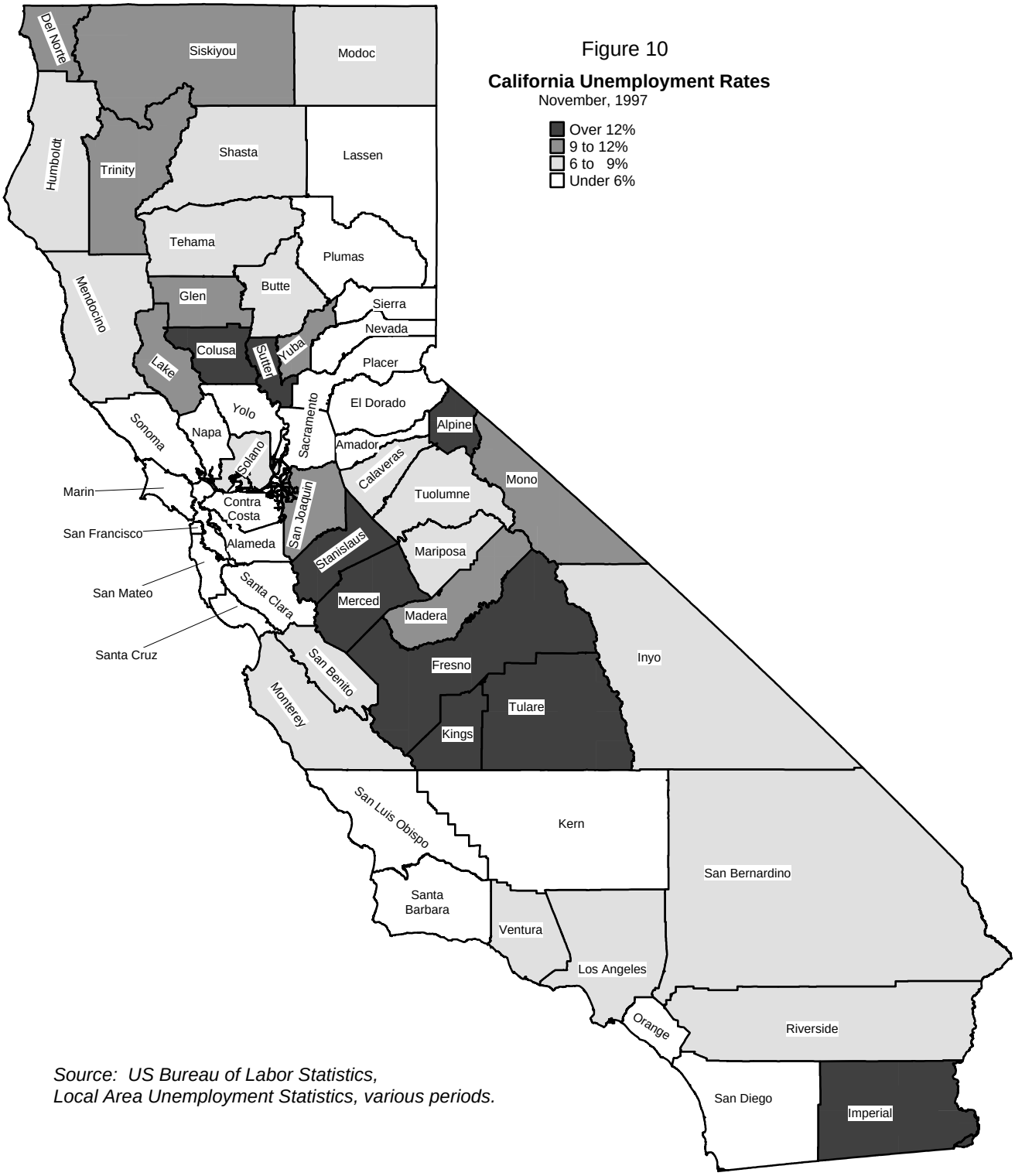


Source: US Bureau of Labor Statistics,
Local Area Unemployment Statistics, various periods.

Figure 10

California Unemployment Rates

November, 1997



Source: US Bureau of Labor Statistics,
Local Area Unemployment Statistics, various periods.

The Pattern of Income in California

Demographic and employment trends are not alone in influencing housing demand. Housing markets are also heavily influenced by income patterns of households. Income impacts the ownership/ renter decision and influences the quantity and quality of housing that households can afford. While other factors heavily color household decisions, the ability of households to effectively demand housing is influenced by the underlying income characteristics of the State's residents.

California entered the decade with a median household income of $35,798 (about $45,250 in November, 1997 dollars).[2] Statewide, household income levels varied tremendously, ranging from $25,900 in Trinity County to over $61,000 in Marin County (in November 1997 dollars). Incomes were generally highest in the Greater Los Angeles and Bay Area regions (see Figure 11), though the Sacramento and Central Coast regions also had relatively high household income levels.

As highlighted earlier, the State experienced a strong extended recession throughout the early 1990s. This recession had an adverse impact on the overall pattern of incomes within the State. While the recovery has generated new jobs, generally increasing household incomes, information on the overall pattern of income movements is not readily accessible. There are however, two sources of data on income that are indicative of income changes within counties of the State. Per capita income, published by the U.S. Department of Commerce, provides a picture of income movements within individual counties through 1995. In addition, tax return information, published by the State Franchise Tax Board, provides information to assess the relative distribution of income within individual counties within the State.

Per Capita Income

Per capita income within the State peaked in the 1989-90 period, declining through 1994 – with the economic recovery the State has experienced a recovery in incomes (see Figure 12).[2] Thus, while per capita income grew by 9.6 percent and 6.7 percent from 1980 to 1985 and 1985 to 1990 respectively, it is estimated that real per capita income fell by about 5.5 percent through 1993. By 1995, real per capita income remained about 2.5 percent below 1990 on a statewide basis.

The distribution of per capita incomes varies widely within the State (see Figure 13 and Table 5). The Bay Area had the highest per capita income levels in the State, with per capita income on average 35 percent higher than statewide averages. It had six of the seven highest incomes (including Marin County, with per capita income levels nearly twice the statewide average). While the Greater Los Angeles Region experienced a severe recession, per capita averages within the region were slightly higher than statewide averages. However, only Orange County was significantly higher – per capita incomes in Riverside and San Bernardino were 14 and 22 percent below statewide levels, respectively.

The Central Coast Region was the only other Region with incomes consistently above statewide levels, averaging about 7 percent over statewide levels. Both the Sacramento and San Diego regions had incomes that were near State levels. Per capita incomes throughout the rest of the regions within the State were below the statewide average. In particular, non-metropolitan area incomes were low, averaging about 25 percent below statewide averages.

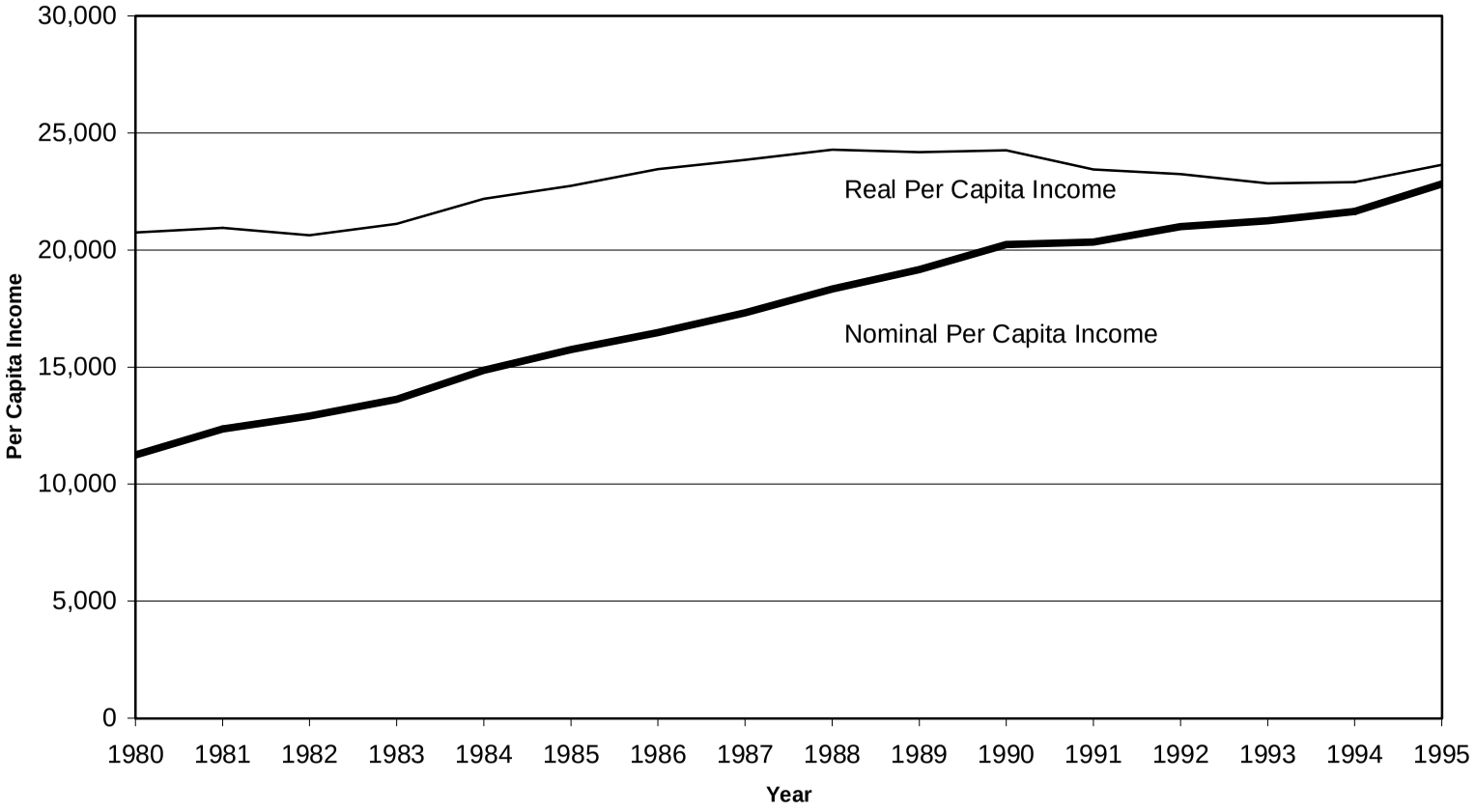
Figure 11

Household Income in California

1989

Source: US Bureau of Census
Note: All figures adjusted by CPI for Urban Wage and Clerical Workers, All items less shelter (1982-1984=100), adjusted to November, 1997 dollars.

Figure 12
Per Capita Income in California
1980 to 1995
(in November, 1997 $)

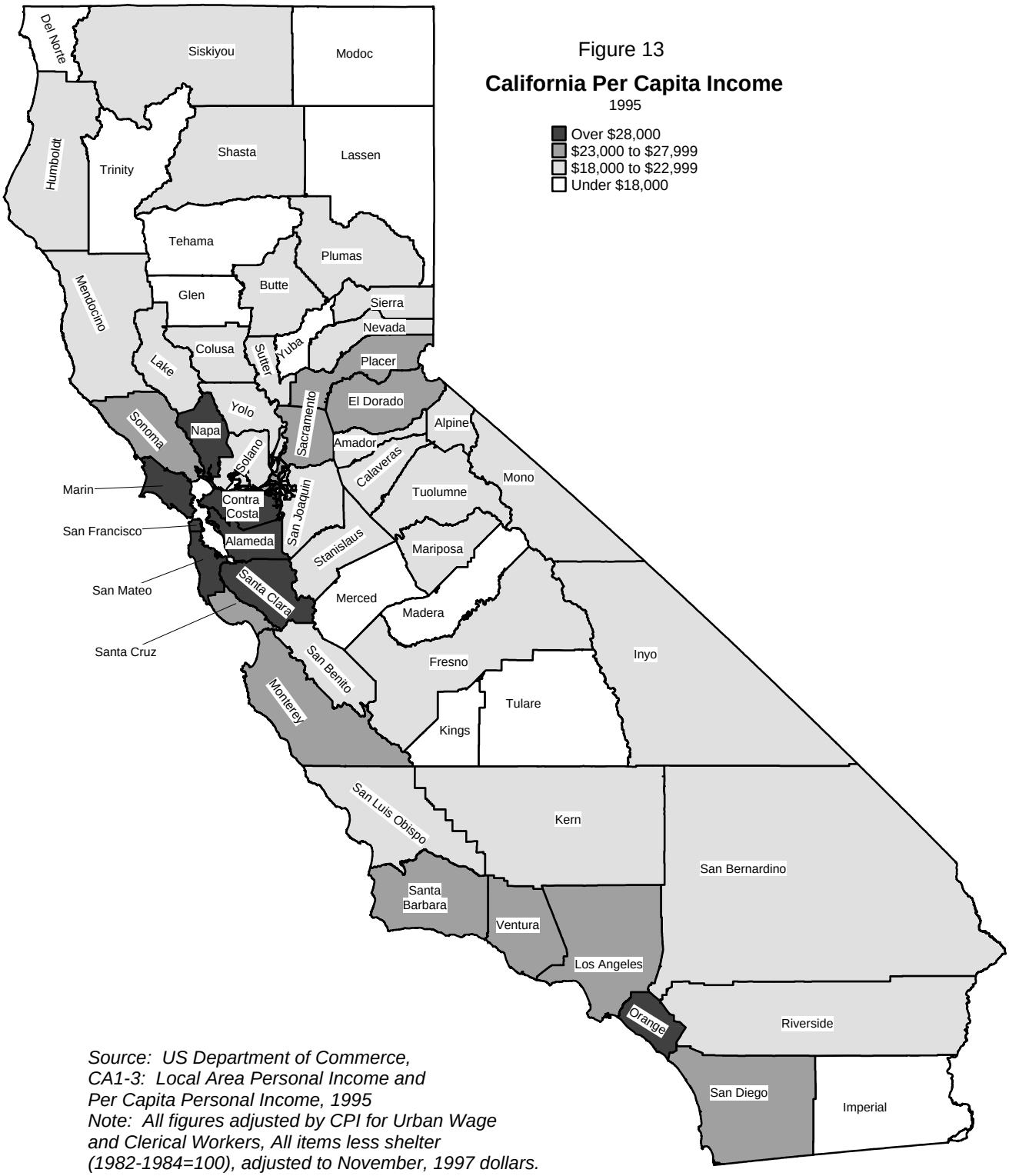


Source: US Department of Commerce, CA1-3: Local Area Personal Income and Per Capita Personal Income, 1980 to 1995.
All real dollar values based on Urban Wage Earners and Clerical Workers, All items less shelter, 1982-1984=100, adjusted to November, 1997.

Figure 13

California Per Capita Income

1995



Source: US Department of Commerce, CA1-3: Local Area Personal Income and Per Capita Personal Income, 1995
Note: All figures adjusted by CPI for Urban Wage and Clerical Workers, All items less shelter (1982-1984=100), adjusted to November, 1997 dollars.

Table 5

Real Per Capita Income Growth

California

1980-1995

(all values adjusted to November, 1997)	1980	1985	1990	1995	Change 1980-85	Change 1985-90	Change 1990-95
Metropolitan Areas							
Greater Los Angeles							
Los Angeles County	$ 22,050	$ 23,938	$ 25,704	$ 24,335	8.6%	7.4%	-5.3%
Orange County	$ 24,461	$ 27,405	$ 30,353	$ 28,394	12.0%	10.8%	-6.5%
Riverside County	$ 19,773	$ 21,910	$ 22,298	$ 20,329	10.8%	1.8%	-8.8%
San Bernardino County	$ 18,085	$ 19,835	$ 19,866	$ 18,481	9.7%	0.2%	-7.0%
Ventura County	$ 20,774	$ 23,297	$ 26,246	$ 25,614	12.1%	12.7%	-2.4%
Imperial County*	$ 17,185	$ 15,479	$ 18,170	$ 15,315	-9.9%	17.4%	-15.7%
Total Greater Los Angeles Area	**$ 21,918**	**$ 23,956**	**$ 25,589**	**$ 24,037**	**9.3%**	**6.8%**	**-6.1%**
Bay Area							
San Francisco County	$ 27,955	$ 30,830	$ 35,941	$ 37,342	10.3%	16.6%	3.9%
Marin County	$ 32,134	$ 39,036	$ 42,963	$ 44,856	21.5%	10.1%	4.4%
San Mateo County	$ 27,382	$ 32,047	$ 35,348	$ 37,073	17.0%	10.3%	4.9%
Alameda County	$ 22,003	$ 24,939	$ 27,168	$ 28,032	13.3%	8.9%	3.2%
Contra Costa County	$ 24,945	$ 28,974	$ 31,305	$ 32,355	16.2%	8.0%	3.4%
Santa Clara County	$ 24,371	$ 28,530	$ 30,682	$ 32,605	17.1%	7.5%	6.3%
Sonoma County	$ 21,228	$ 24,370	$ 26,680	$ 26,807	14.8%	9.5%	0.5%
Solano County	$ 18,908	$ 21,763	$ 22,305	$ 22,650	15.1%	2.5%	1.5%
Napa County	$ 21,538	$ 24,887	$ 27,821	$ 28,871	15.6%	11.8%	3.8%
Total Bay Area	**$ 24,595**	**$ 28,280**	**$ 30,834**	**$ 32,074**	**15.0%**	**9.0%**	**4.0%**
Sacramento							
Sacramento County	$ 19,723	$ 21,405	$ 23,516	$ 23,856	8.5%	9.9%	1.4%
Placer County	$ 20,663	$ 23,643	$ 26,329	$ 26,854	14.4%	11.4%	2.0%
El Dorado County	$ 19,164	$ 21,724	$ 23,779	$ 23,983	13.4%	9.5%	0.9%
Sutter County	$ 19,714	$ 19,666	$ 20,156	$ 20,469	-0.2%	2.5%	1.6%
Yuba County	$ 14,860	$ 14,656	$ 15,179	$ 15,048	-1.4%	3.6%	-0.9%
Yolo County	$ 20,420	$ 20,316	$ 22,150	$ 22,867	-0.5%	9.0%	3.2%
Total Sacramento Area	**$ 19,640**	**$ 21,216**	**$ 23,285**	**$ 23,684**	**8.0%**	**9.8%**	**1.7%**
Central Valley							
Fresno County	$ 19,583	$ 18,397	$ 19,659	$ 18,979	-6.1%	6.9%	-3.5%
Madera County	$ 19,449	$ 15,577	$ 17,491	$ 16,404	-19.9%	12.3%	-6.2%
Kern County	$ 19,825	$ 18,882	$ 19,010	$ 18,251	-4.8%	0.7%	-4.0%
San Joaquin County	$ 19,207	$ 18,905	$ 19,781	$ 19,544	-1.6%	4.6%	-1.2%
Stanislaus County	$ 17,802	$ 19,021	$ 19,810	$ 18,766	6.9%	4.1%	-5.3%
Merced County	$ 17,253	$ 16,615	$ 17,515	$ 16,209	-3.7%	5.4%	-7.5%
Tulare County	$ 17,067	$ 15,752	$ 17,286	$ 16,717	-7.7%	9.7%	-3.3%
King County*	$ 20,071	$ 15,264	$ 14,738	$ 14,479	-23.9%	-3.4%	-1.8%
Total Central Valley Area	**$ 18,894**	**$ 18,031**	**$ 18,912**	**$ 18,213**	**-4.6%**	**4.9%**	**-3.7%**
San Diego	$ 19,844	$ 22,624	$ 24,165	$ 24,089	14.0%	6.8%	-0.3%
Central Coast							
Monterey County	$ 20,361	$ 21,931	$ 23,354	$ 26,167	7.7%	6.5%	12.0%
San Luis Obispo County	$ 17,335	$ 19,705	$ 21,041	$ 21,217	13.7%	6.8%	0.8%
Santa Barbara County	$ 22,349	$ 25,105	$ 26,637	$ 26,778	12.3%	6.1%	0.5%
Santa Cruz County	$ 20,661	$ 23,047	$ 26,183	$ 27,132	11.5%	13.6%	3.6%
San Benito County*	$ 18,050	$ 19,103	$ 20,696	$ 18,915	5.8%	8.3%	-8.6%
Total Central Coast	**$ 20,487**	**$ 22,674**	**$ 24,396**	**$ 25,376**	**10.7%**	**7.6%**	**4.0%**
Northern California							
Butte County	$ 16,751	$ 17,223	$ 18,502	$ 18,681	2.8%	7.4%	1.0%
Shasta County	$ 16,981	$ 17,886	$ 20,418	$ 20,252	5.3%	14.2%	-0.8%
Tehama County*	$ 15,759	$ 15,566	$ 15,760	$ 15,692	-1.2%	1.2%	-0.4%
Glenn County*	$ 21,711	$ 17,288	$ 16,922	$ 16,429	-20.4%	-2.1%	-2.9%
Colusa County*	$ 26,077	$ 22,365	$ 20,877	$ 20,501	-14.2%	-6.7%	-1.8%
Northern California	**$ 17,392**	**$ 17,462**	**$ 18,851**	**$ 18,825**	**0.4%**	**8.0%**	**-0.1%**

Table 5 (continued)

Real Per Capita Income Growth

California

1980-1995

(all values adjusted to November, 1997)	1980	1985	1990	1995	Change 1980-85	Change 1985-90	Change 1990-95
NONMETROPOLITAN AREAS							
Northern Nonmetropolitan California							
Del Norte County*	$ 16,989	$ 15,491	$ 15,896	$ 15,465	-8.8%	2.6%	-2.7%
Humboldt County*	$ 17,773	$ 18,076	$ 19,249	$ 19,589	1.7%	6.5%	1.8%
Mendocino County*	$ 17,943	$ 18,333	$ 19,855	$ 20,371	2.2%	8.3%	2.6%
Lake County*	$ 17,669	$ 18,599	$ 19,981	$ 19,737	5.3%	7.4%	-1.2%
Siskiyou County*	$ 18,030	$ 16,968	$ 18,504	$ 18,487	-5.9%	9.0%	-0.1%
Modoc County*	$ 23,003	$ 16,363	$ 17,403	$ 16,070	-28.9%	6.4%	-7.7%
Trinity County*	$ 14,831	$ 15,194	$ 16,636	$ 16,441	2.4%	9.5%	-1.2%
Lassen County*	$ 15,704	$ 15,464	$ 15,030	$ 16,628	-1.5%	-2.8%	10.6%
Plumas County*	$ 17,299	$ 18,407	$ 20,024	$ 20,548	6.4%	8.8%	2.6%
Sierra County*	$ 17,227	$ 18,114	$ 18,699	$ 19,857	5.1%	3.2%	6.2%
Nevada County*	$ 17,788	$ 19,526	$ 22,414	$ 21,659	9.8%	14.8%	-3.4%
Northern Nonmetropolitan California	**$ 17,668**	**$ 17,917**	**$ 19,395**	**$ 19,497**	**1.4%**	**8.2%**	**0.5%**
Central-Southern California							
Amador County*	$ 18,009	$ 19,542	$ 19,293	$ 19,427	8.5%	-1.3%	0.7%
Alpine County*	$ 17,042	$ 17,672	$ 22,551	$ 22,889	3.7%	27.6%	1.5%
Calaveras County*	$ 16,352	$ 19,248	$ 20,334	$ 18,611	17.7%	5.6%	-8.5%
Tuolumne County*	$ 16,816	$ 17,728	$ 18,906	$ 18,861	5.4%	6.6%	-0.2%
Mariposa County*	$ 16,732	$ 18,340	$ 20,115	$ 18,903	9.6%	9.7%	-6.0%
Mono County*	$ 20,020	$ 21,206	$ 21,293	$ 20,797	5.9%	0.4%	-2.3%
Inyo County*	$ 18,580	$ 18,934	$ 21,248	$ 21,378	1.9%	12.2%	0.6%
Central-Southern California	**$ 17,452**	**$ 18,814**	**$ 19,848**	**$ 19,346**	**7.8%**	**5.5%**	**-2.5%**
Metropolitan Areas	$ 20,844	$ 22,909	$ 24,440	$ 23,828	9.9%	6.7%	-2.5%
*** Non-metropolitan Areas**	$ 17,980	$ 17,481	$ 18,661	$ 18,107	-2.8%	6.8%	-3.0%
Total State	**$ 20,752**	**$ 22,735**	**$ 24,253**	**$ 23,636**	**9.6%**	**6.7%**	**-2.5%**

NOTE: All figures adjusted by Los Angeles Consumer Price Index-Urban Wage Earners and Clerical Workers, All Items Less Shelter (1982-84=100), adjusted to November 1997.

SOURCE: US Department of Commerce, CA1-3: Local Area Personal Income and Per Capita Personal Income, various years.

While 1995 per capita income levels indicate the relative position of areas within the State, they do not indicate the relative shift within the decade. Looking at changing per capita income during the 1990 to 1995 period highlights the relative changes that have taken place within the State (see Table 5 and Figure 14), reflecting a decline of 2.5 percent statewide. This is in sharp contrast to the increases of 9.6 percent and 6.7 percent for the 1980 to 1985 and 1985 to 1990 periods, respectively. The Bay Area performed well over this period (real per capita increases for the Region grew by about 4 percent during the period). This growth occurred throughout the Bay Area, with San Francisco, Marin, San Mateo, Napa and Santa Clara counties growing by more than 3.7 percent during the period (the 6.3 percent growth in Santa Clara per capita income was the strongest of any urban area within the State). The Sacramento Region experienced a real growth in per capita income of about 1.7 percent, while the Central Coast Region experienced growth paralleling the Bay Area (4 percent overall) and the Northern Non-metropolitan California Region experienced a .5 percent increase overall.

Throughout the rest of the State, regions consistently experienced declines in real per capita income levels (though individual counties did experience positive growth in real per capita incomes). In fact, 31 of the State's 58 counties experienced declines in per capita income in the 1990 to 1995 period. In particular, there were significant declines in both the Central Valley and the Greater Los Angeles regions, declining 3.7 and 6.1 percent respectively. A particularly high rate of decline (15.7 percent) occurred in Imperial County during the 1990 to 1995 period.

While there has been a turn around in many regions (including the Greater Los Angeles Region), the underlying demand for housing has been influenced by the weak income movements throughout this decade, particularly influencing demand for homeownership. With the exception of the Bay Area, where there were strong price pressures through much of this decade, underlying prices and housing starts through 1997 have reflected this weak income picture.

Taxable Income

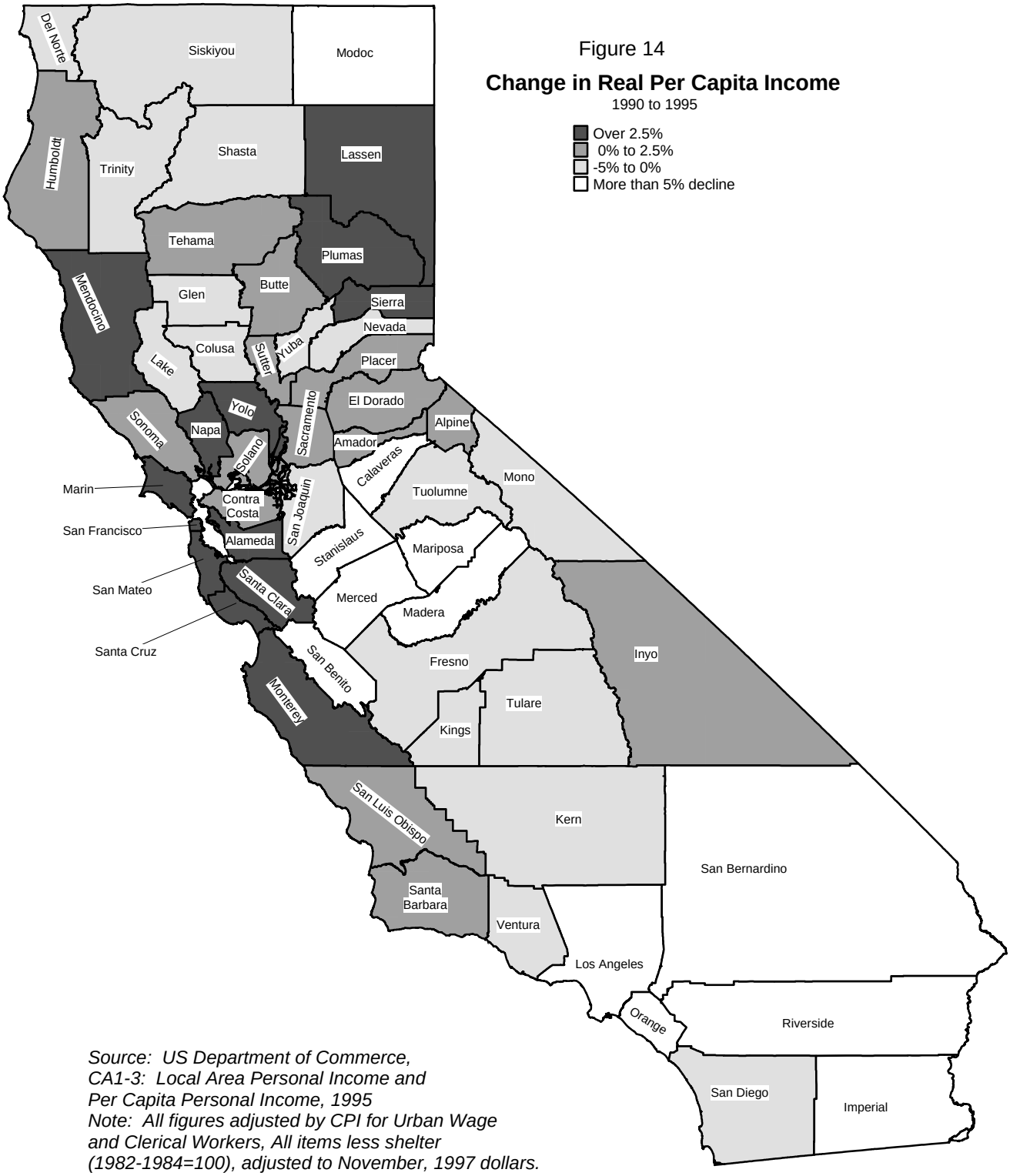
While per capita income highlights the general trend in income, it does not provide a picture of the distribution of household income. As others have posited,[3] while overall income could rise (including per capita income), the distribution of income could change, impacting the types of housing demand and housing policy required to address the needs generated by increasing disparity within the State. There are few data sources available that offer insight at a level below State aggregates.[4] One source of more detailed information is income tax information published by the California State Franchise Tax Board. While there are biases in the data (see Figure 15),[5] it does offer a picture of the relative composition of income within the State.

For many reasons, it would not be prudent to assume these estimates are an accurate reflection of underlying household incomes. However, the data does reveal information about the relative distribution of income within the State, particularly over time. The relative shifting of tax returns in various income categories does provide insight into the distribution of income within the State, particularly if comparisons are made between tax periods. Since the underlying "rules" have remained relatively consistent, the information is indicative of the underlying change in the distribution of income for households within the State.

Figure 14

Change in Real Per Capita Income

1990 to 1995



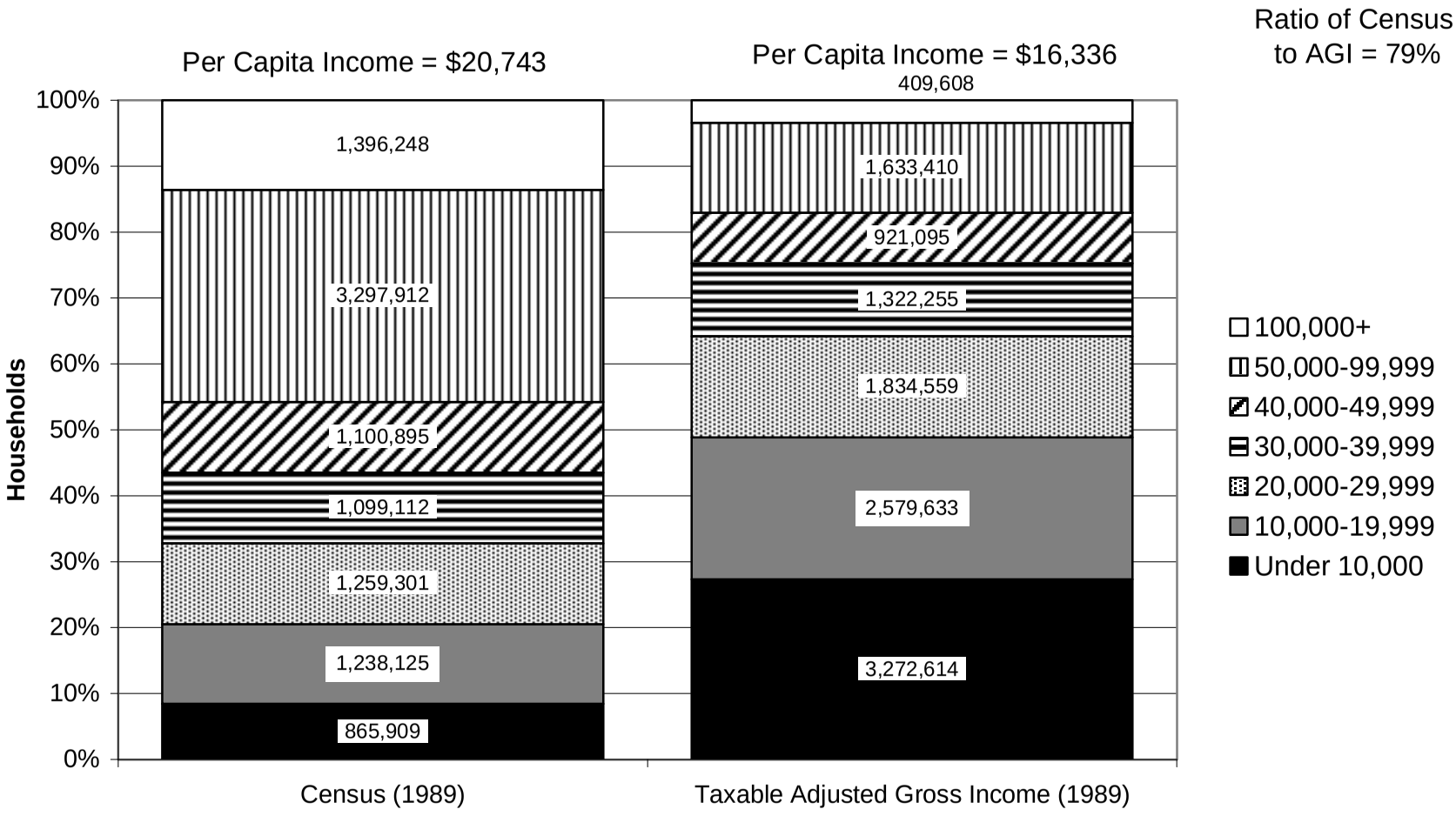
Source: US Department of Commerce, CA1-3: Local Area Personal Income and Per Capita Personal Income, 1995
Note: All figures adjusted by CPI for Urban Wage and Clerical Workers, All items less shelter (1982-1984=100), adjusted to November, 1997 dollars.

Figure 15

Comparison of Taxable Income and Census Income

1989

(in November, 1997 $)



Sources: US Census, STF 3A, California State Tax Franchise Board, 1990 Annual Report.

Within the State overall, there was a marked increase in the number of households with lower adjusted gross income during the recession (see Figure 16). The number of filings with adjusted gross income below $15,000 increased by nearly 600,000 between 1989 and 1992, rising from about 30 to 35 percent of total returns. Conversely, the percentage of total returns with incomes over $60,000 declined modestly from 1989 to 1992, largely due to the increased number of lower-income filings. However, by 1994, the relative distribution of returns returned to 1989 levels.

This implies that, based on tax return data, though households were impacted by the recession, there was not a significant shift in the underlying distribution of income within the State in the 1989 to 1994 period. While there is strong income inequality (see Figure 17), the underlying inequalities implied by the tax return data did not increase significantly during the period. [6]

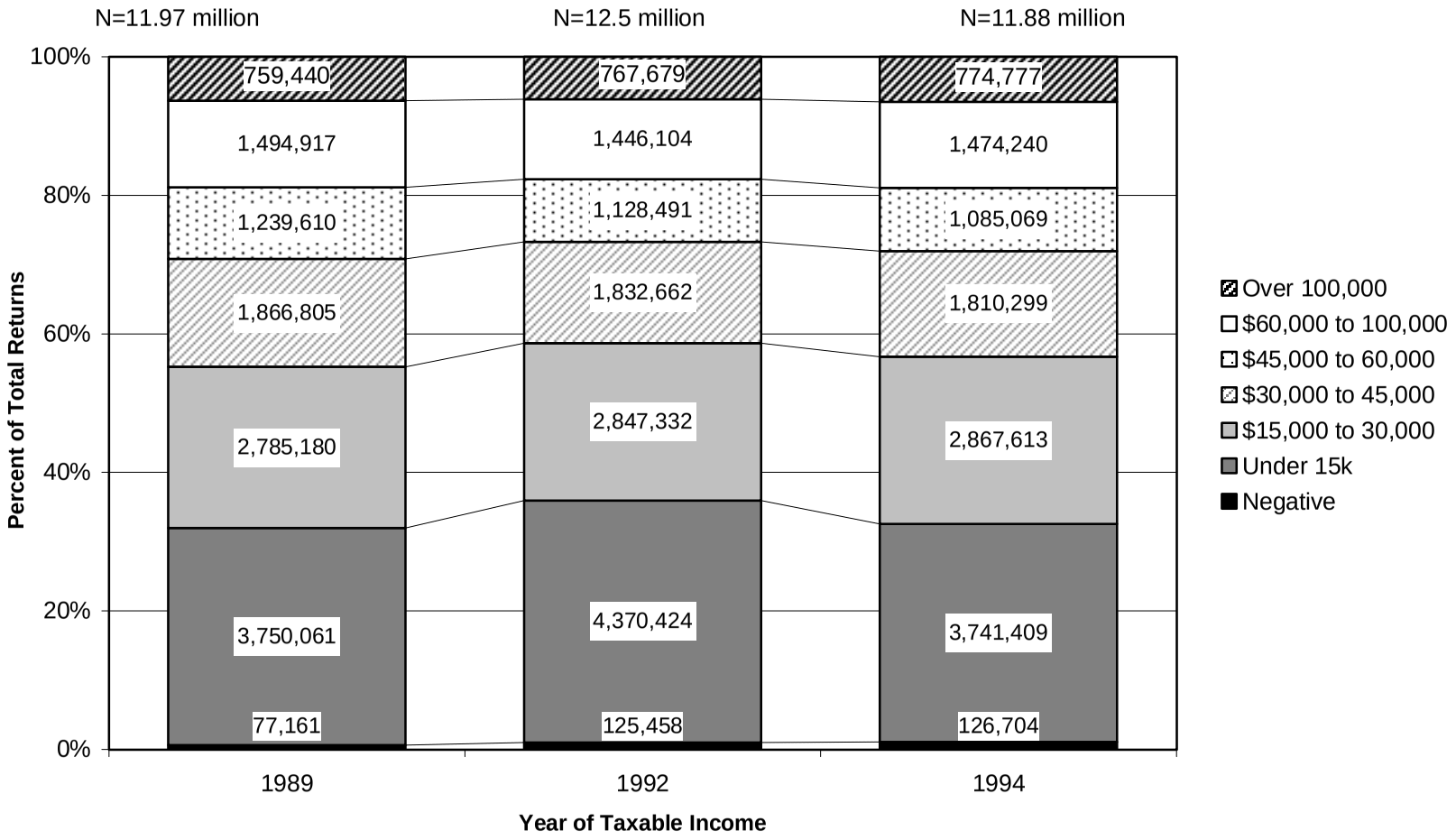
Overall, the relative dispersion between mean and median income values within the State did not shift significantly during the 1989 to 1994 period, implying that the disparity in the distribution of income within households did not increase significantly. While there was a significant increase in disparity in the 1992 period (presumably caused by the recession), the overall income distribution within the State appears to have improved following the recession. There was a slight increase – the ratio of mean to median income rose from 1.55 to 1.57 within the State, implying a slightly increased dispersion of taxable gross income within the State (a ratio of 1.01 for the two periods).

While overall income disparity in the distribution within the State did not increase between 1989 and 1994, this is not meant to indicate that income disparity has not increased anywhere within the State. There is significant variation in the relative change in the distribution of income evident within counties and regions of the State (see Figure 18). In key areas of the State, these estimates imply an increasing dispersion of incomes, implying greater distances between the “haves” and the “have nots.” Much of the Bay Area (Marin, San Francisco, San Mateo, and Santa Clara counties) has greater dispersion in mean vs. median taxable income in 1994, implying increased disparity of incomes for households in these counties. Similarly, in Orange, Ventura, and Riverside counties, there appears to be greater disparity of incomes between households within these areas. In general, this dispersion is influenced by a relative increase in tax returns that are concentrated at the lower incomes. In the remaining areas, the figures imply that the relative disparity between income groups had not significantly changed.

Particularly in the Bay Area and Orange County, these estimates highlight a growing income disparity within counties that have been experiencing significant price pressures. In these instances, the ability of renter households to effectively compete in housing markets is declining precisely as prices are rising. With rents rising (see discussion of rent movements that follows), renter households are particularly impacted by the changing income distribution. Pressures from high housing costs on declining income sources will exacerbate the problems of low-income households within the State.

Figure 16

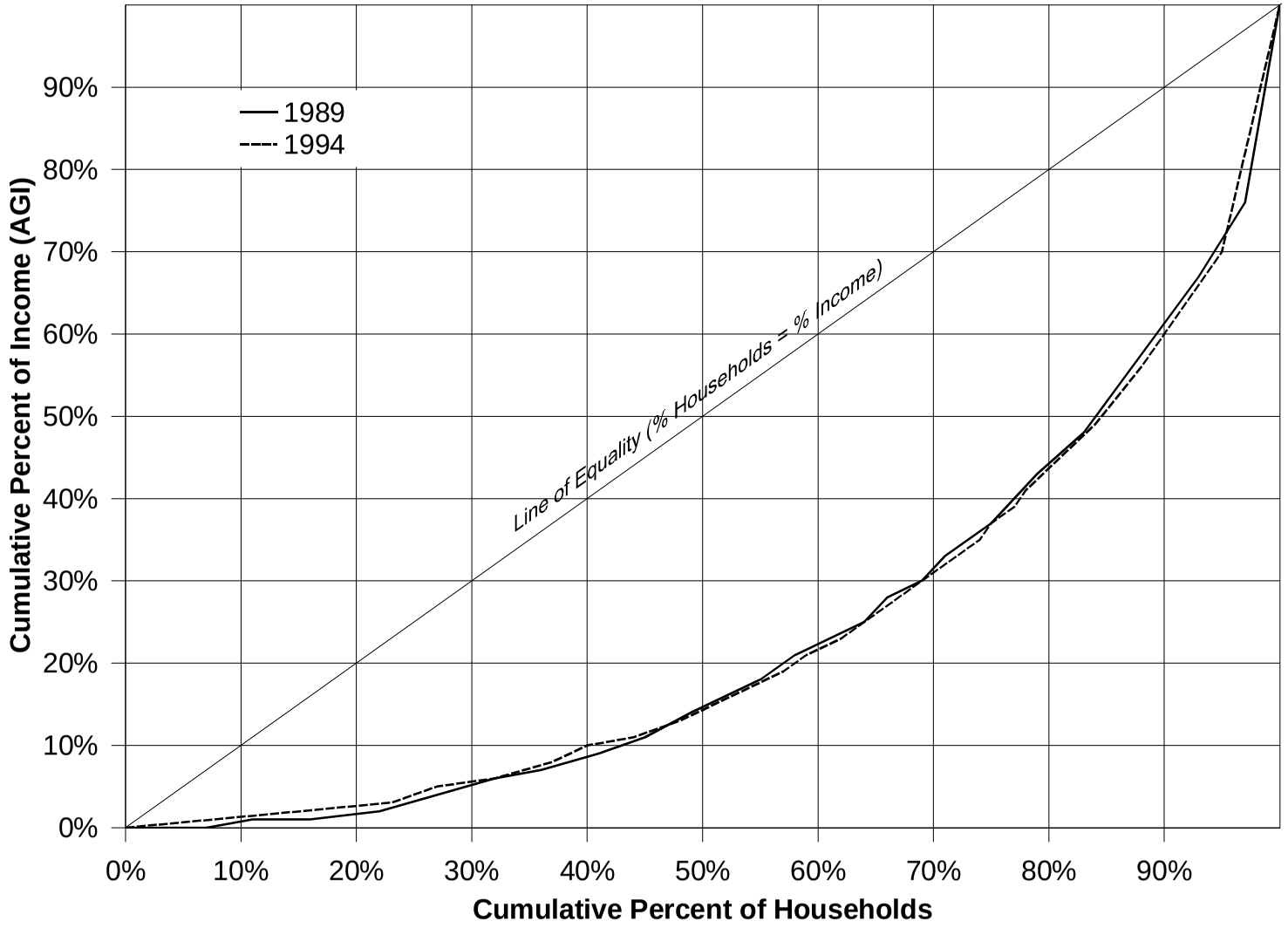
Movement of Adjusted Gross Income for California Taxpayers
1989 to 1994
(all values expressed in November, 1997 $)



Source: California Franchise Tax Board Annual Reports, 1990, 1993, 1995

Figure 17

Income Inequality in California, 1989 to 1994

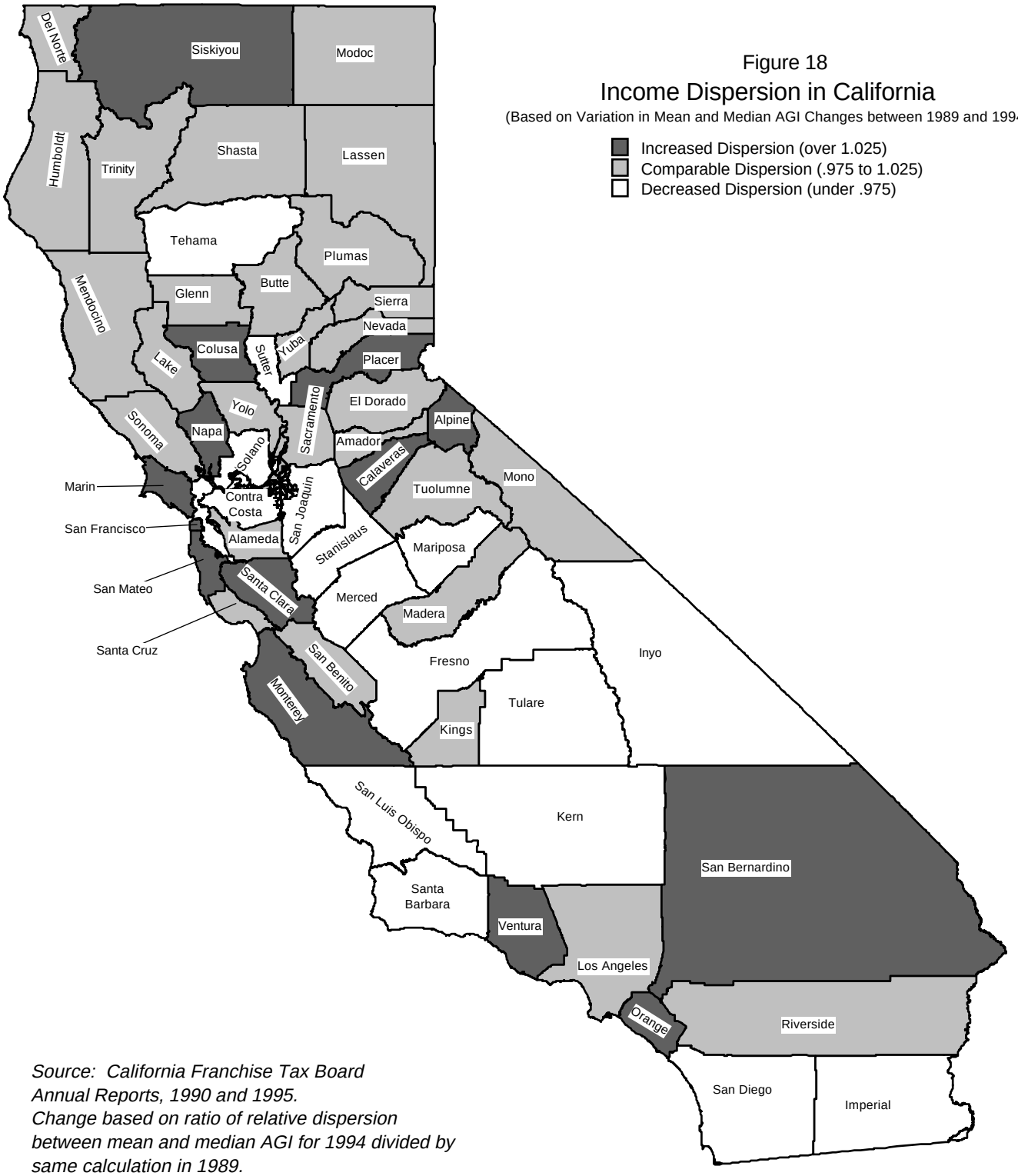


Source: California Franchise Tax Board, 1990 and 1995

Figure 18

Income Dispersion in California

(Based on Variation in Mean and Median AGI Changes between 1989 and 1994)



Source: California Franchise Tax Board Annual Reports, 1990 and 1995.
Change based on ratio of relative dispersion between mean and median AGI for 1994 divided by same calculation in 1989.

California's Housing Supply

Changes in California's housing supply reflects various demographic and economic shifts that have affected households in the State during the 1990s. The following discussion highlights key characteristics of the housing stock, using recent information, when available, to assess changes that may impact the quality of life and economic prospects of State residents.

Characteristics of the Housing Supply

Housing for California's residents is provided by more than 11 million housing units located in urban, suburban and non-metropolitan locations within the State. This housing offers a diverse range of accommodations for owners and renters (see Table 6). As of 1997, more than 67 percent of the State's housing was provided through individual housing units (including single-family attached and detached dwellings, and mobilehomes). Nearly one-quarter of the total stock was located in large-scale multifamily buildings (five or more units in structure). The proportion of two- to four-unit structures, while continuing to decline, accounted for the remaining 9 percent of the housing stock.

During the past three decades, single-family detached structures have declined as a proportion of the overall housing stock, while attached single-family housing, mobilehomes and multifamily housing have increasingly provided housing opportunities for residents. While the proportion of housing in single-family units has increased since 1990, larger-scale multifamily projects have also increased, reflecting the underlying impact of rising land costs and the constrained affordability of housing throughout the State.

Moreover, statewide estimates mask the diversity of housing within the State. While overall levels of stock in single-unit structures (i.e., single-family detached, single-family attached, and mobilehomes) provide about two-thirds of statewide housing supply, these units are consistently more important components of housing supply in the Central Valley and many non-metropolitan markets, where up to 95 percent of all units are single-family. Single unit structures are significantly less prevalent in Los Angeles County, San Francisco, and San Diego.

Table 6.
Number of Units in California Structures 1970 to 1997
(in percent)

Units in Structure	1970	1980	1990	1997
1-detached	64.2	57	54.7	55.4
1-attached	2.9	5.4	7.3	7.0
2-4	10.2	9.4	8.7	8.4
5+	19.9	24.0	23.3	24.3
Mobilehome	2.8	4.2	5.0	4.9
Other	n.a.	n.a	1.1	n.a
Total	100.00	100	100	100

Source: US Census, 1970 through 1990; California Department of Finance, California Population and Housing Estimates (E-5 Report), 1998.

Conversely, the stock of units in structures with five or more units is concentrated in the most urbanized counties within the State, accounting for a disproportionate share of housing supply in Los Angeles, San Diego and San Francisco counties. In non-metropolitan counties, units in these larger multifamily structures account for less than 10 percent of total supply.

Housing Changes During the Decade

Changes in the composition of the housing stock occur slowly. New construction is cyclical in nature, generally correlated to underlying economic conditions within the State (although it may lead or lag underlying changes in the economy). The pace of growth is reflected by building permits issued throughout the State. While permits do not perfectly mirror additions to the housing stock (due particularly to lags in construction and permits that do not result in construction), they are nonetheless strong indicators of changes in the State's housing supply during the decade.

Additions to the Housing Stock

Building permit activities in California have shifted dramatically during the 1990 to 1997 period (see Figure 19). Two factors are evident in examining permits since 1990. First, while building permits in California peaked in 1986, between 1987 and 1989, activity remained at about 250,000 permits annually. However, beginning in 1990, permit activity began declining, falling to slightly above 100,000 units in 1991 and reaching a minimum of about 83,000 in 1992 during the recession. However, despite a rebound in the State's economy, permit activity has remained low, only reaching 112,000 in 1997, despite the economic recovery. Overall permit levels have averaged only about 100,000 throughout the decade, one-half the level averaged throughout the 1980s. Manufactured home sales accounted for about 5.5 percent of total building activities in 1991, falling to between 3 and 3.5 percent of overall activity in the 1992 to 1997 period.

The underlying rate of construction has generally not kept pace with household formation during the 1990 to 1997 period. As discussed later in the section on Vacancy Rates, households have increased at a more rapid pace than housing stock, leading to decreased vacancy rates through much of the State.

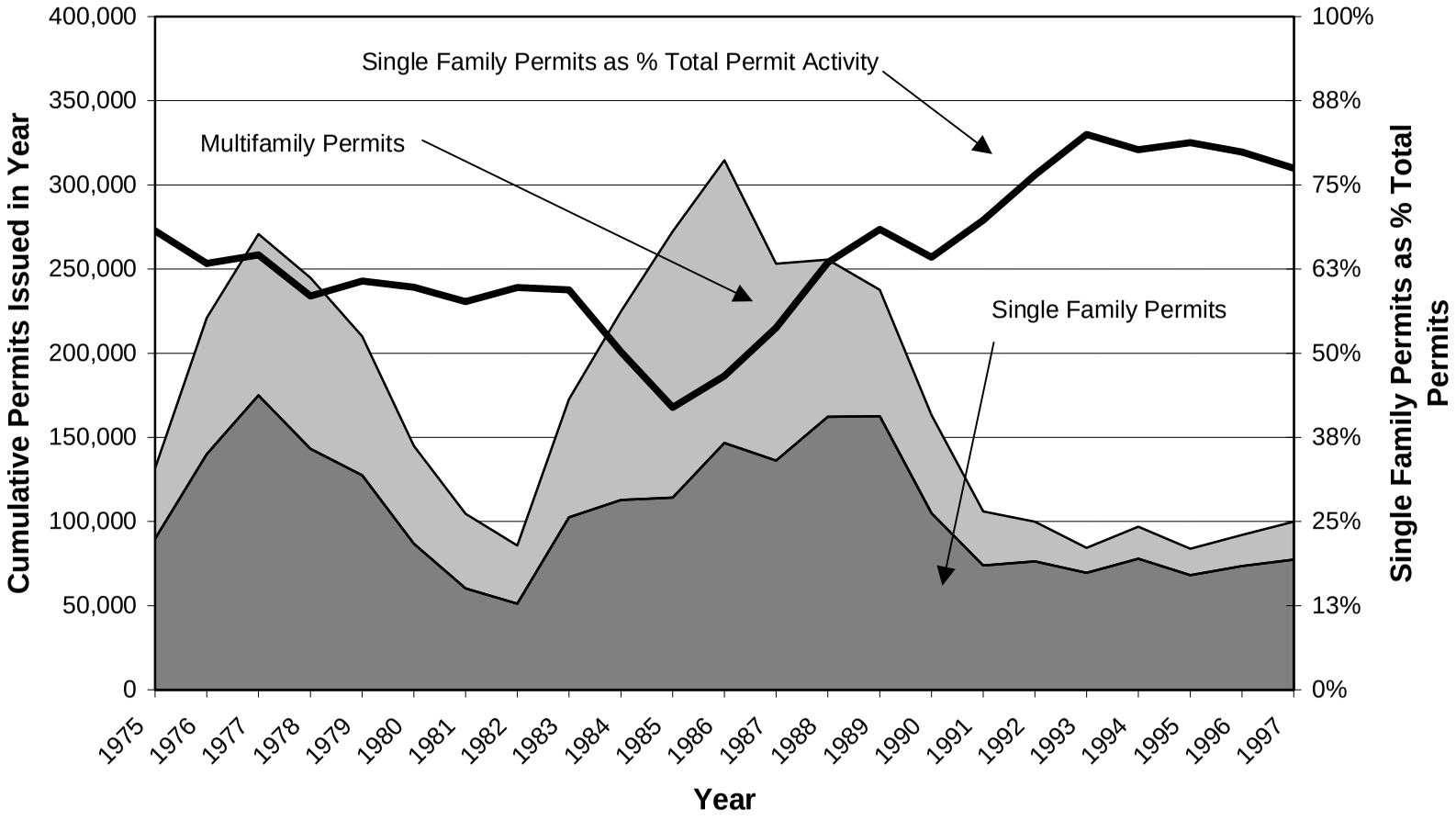
In addition, the composition of construction activity has shifted dramatically. Single-family permits accounted for about 60 percent of total permits in the early part of the 1980s (coincident with a recession during this period). Between 1986 and 1997, the proportion of single-family activities has increased, consistently accounting for more than two-thirds of permits. Moreover, while the relative concentration of construction in single-family homes has declined from a peak in 1992 (when it accounted for over 95 percent of activities), it continues to account for more than three-quarters of total permits through the end of 1997.

With few exceptions, the decline in permit activity and predominance of single-family construction has been evident throughout the State (see Table 7). Overall construction activities within all metropolitan areas remains depressed during the 1990s, and the concentration of activities in single-family construction remains. In no region did single-family construction fall below 70 percent of aggregate permits. Only in San Francisco County has multifamily construction provided a majority of permit activity. Moreover, with the exception of the Bay Area, there has been little shift in the composition of permits since the middle of the recession – despite an economic recovery throughout much of the State, overall construction activity continues to be dominated by single-family construction (see Table 7). In some locations, depressed multifamily construction is consistent with high multifamily

Figure 19

Building Permits in California

1975 to 1997



Source: Department of Housing and Community Development; US Census Bureau, C-40 Reports, various years.

Table 7

Total Building Permits (including Manufactured Homes for 1990 to 1996)

	1980 to 1984	1985 to 1989	1990 to 1994	1994 to 1996	1997	Permits 1980 to 1989	Permits 1990 to 1997	Single Family as % Total Permits, 1990 to 1997	Manuf. Homes 1990-1996 (see Note)	Manuf. Homes as % of Total Activity
Metropolitan Areas										
Greater Los Angeles										
Los Angeles County	129,934	279,625	67,565	15,494	10,424	409,559	93,483	54%	1,167	1.23%
Orange County	56,495	110,220	43,081	18,366	12,251	166,715	73,698	63%	117	0.16%
Riverside County	50,187	118,193	48,036	14,346	9,784	168,380	72,166	89%	3,755	4.95%
San Bernardino County	53,724	117,473	37,326	8,714	5,593	171,197	51,633	91%	443	0.85%
Ventura County	16,308	28,141	10,187	4,463	2,316	44,449	16,966	75%	487	0.98%
Imperial County*	1,983	3,008	4,338	844	327	4,991	5,509	76%	167	2.95%
Total Greater Los Angeles Region	**308,631**	**656,660**	**210,533**	**62,227**	**40,695**	**965,291**	**313,455**	**72%**	**6,135**	**1.92%**
Bay Area										
San Francisco County	5,998	9,308	4,570	1,741	1,721	15,306	8,032	14%	129	1.58%
Marin County	3,468	6,099	2,200	1,293	598	9,567	4,091	62%	18	0.43%
San Mateo County	7,297	13,495	3,978	2,411	1,519	20,792	7,908	64%	6	0.07%
Alameda County	25,899	39,727	13,731	6,310	6,500	65,626	26,541	72%	138	0.52%
Contra Costa County	24,904	46,670	19,438	6,890	3,514	71,574	29,842	85%	358	1.18%
Santa Clara County	29,020	36,522	19,191	10,975	8,810	65,542	38,976	53%	15	0.04%
Sonoma County	14,436	23,351	12,244	3,417	2,121	37,787	17,782	87%	170	0.95%
Solano County	9,463	25,492	8,618	2,598	1,542	34,955	12,758	89%	91	0.71%
Napa County	2,925	3,891	2,676	548	350	6,816	3,574	84%	513	12.56%
Total Bay Area Region	**123,410**	**204,555**	**86,646**	**36,183**	**26,675**	**327,965**	**149,504**	**70%**	**1,437**	**0.95%**
Sacramento										
Sacramento County	34,076	64,726	30,664	7,748	4,339	98,802	42,751	90%	613	1.41%
Placer County	8,395	17,045	11,737	5,412	3,837	25,440	20,986	90%	496	2.31%
El Dorado County	5,623	9,849	6,335	2,341	1,079	15,472	9,755	91%	1,434	12.82%
Sutter County	1,656	2,493	3,430	675	246	4,149	4,351	89%	50	1.13%
Yuba County	1,327	1,129	1,400	218	139	2,456	1,757	95%	173	8.97%
Yolo County	3,808	6,096	4,314	1,516	714	9,904	6,544	74%	502	7.12%
Total Sacramento Region	**54,885**	**101,338**	**57,880**	**17,910**	**10,354**	**156,223**	**86,144**	**89%**	**3,268**	**3.65%**
Central Valley										
Fresno County	20,701	29,591	23,315	7,346	2,756	50,292	33,417	84%	314	0.93%
Madera County	2,846	4,195	5,179	1,480	505	7,041	7,164	87%	317	4.23%
Kern County	22,342	22,734	19,073	6,263	2,637	45,076	27,973	90%	3,171	10.18%
San Joaquin County	15,622	17,888	12,997	4,637	2,475	33,510	20,109	94%	560	2.71%
Stanislaus County	9,323	24,957	11,071	2,711	1,472	34,280	15,254	93%	496	3.15%
Merced County	4,625	6,359	5,784	1,657	1,010	10,984	8,451	94%	276	3.16%
Tulare County	7,434	9,636	9,691	3,089	1,338	17,070	14,118	89%	153	1.07%
Kings County*	3,229	3,161	3,029	1,272	783	6,390	5,084	92%	62	1.20%
Total Central Valley Region	**86,122**	**118,521**	**90,139**	**28,455**	**12,976**	**204,643**	**131,570**	**89%**	**5,348**	**3.91%**
San Diego Region	**83,628**	**160,240**	**42,046**	**13,481**	**11,402**	**243,868**	**66,929**	**67%**	**1,971**	**2.86%**
Central Coast Region										
Monterey County	6,284	10,948	5,173	2,828	1,713	17,232	9,714	84%	666	6.41%
San Luis Obispo County	10,644	14,147	5,296	2,072	1,329	24,791	8,697	90%	252	2.82%
Santa Barbara County	8,662	10,211	4,525	1,573	903	18,873	7,001	75%	67	0.95%
Santa Cruz County	5,987	5,832	2,420	944	751	11,819	4,115	77%	12	0.28%
San Benito County*	1,598	2,241	1,794	864	630	3,839	3,288	96%	26	0.80%
Total Central Coast Region	**33,175**	**43,379**	**19,208**	**8,281**	**5,326**	**76,554**	**32,815**	**84%**	**1,023**	**3.03%**

Table 7

Total Building Permits (including Manufactured Homes for 1990 to 1996)

	1980 to 1984	1985 to 1989	1990 to 1994	1994 to 1996	1997	Permits 1980 to 1989	Permits 1990 to 1997	Single Family as % Total Permits, 1990 to 1997	Manuf. Homes 1990-1996 (see Note)	Manuf. Homes as % of Total Activity
Northern California Region										
Butte County	6,260	7,449	5,932	1,401	591	13,709	7,924	77%	874	9.94%
Shasta County	5,164	6,806	6,872	1,483	676	11,970	9,031	86%	1,191	11.65%
Tehama County*	1,659	1,454	1,421	385	95	3,113	1,901	87%	463	19.60%
Glenn County*	634	372	529	121	100	1,006	750	88%	296	28.32%
Colusa County*	470	382	509	99	52	852	660	88%	217	24.75%
Total Northern California Region	**14,187**	**16,463**	**15,263**	**3,489**	**1,514**	**30,650**	**20,266**	**83%**	**3,041**	**13.05%**
NON-METROPOLITAN AREAS										
Northern Non-metropolitan Region										
Del Norte County*	475	804	676	149	45	1,279	870	84%	637	42.25%
Humboldt County*	1,873	3,069	3,506	1,084	462	4,942	5,052	77%	249	4.70%
Mendocino County*	2,475	2,916	2,036	501	259	5,391	2,796	91%	886	24.06%
Lake County*	2,054	2,035	1,877	274	168	4,089	2,319	95%	1,719	42.57%
Siskiyou County*	2,185	1,183	783	323	138	3,368	1,244	90%	334	21.19%
Modoc County*	305	61	63	-	7	366	70	100%	141	66.79%
Trinity County*	474	410	295	70	31	884	396	99%	56	12.34%
Lassen County*	622	658	536	248	84	1,280	868	83%	502	36.62%
Plumas County*	1,130	943	1,160	231	120	2,073	1,511	98%	613	28.86%
Sierra County*	207	105	96	38	9	312	143	100%	47	24.71%
Nevada County*	6,000	6,007	4,181	1,317	645	12,007	6,143	91%	754	10.93%
Total Northern Non-metropolitan Region	**17,800**	**18,191**	**15,209**	**4,235**	**1,968**	**35,991**	**21,412**	**88%**	**5,938**	**21.71%**
Central-Southern California Region										
Amador County*	1,316	1,629	1,565	327	118	2,945	2,010	95%	546	21.35%
Alpine County*	83	133	82	52	10	216	144	77%	23	14.01%
Calaveras County*	2,958	3,051	2,330	515	260	6,009	3,105	97%	1,282	29.22%
Tuolumne County*	2,430	3,278	2,250	342	246	5,708	2,838	86%	889	23.85%
Mariposa County*	629	782	634	234	58	1,411	926	91%	463	33.35%
Mono County*	1,489	448	403	154	96	1,937	653	81%	232	26.19%
Inyo County*	*320*	*256*	*254*	*39*	*18*	*576*	*311*	*91%*	*223*	*41.75%*
Total Central-Southern California Region	**9,225**	**9,577**	**7,518**	**1,663**	**806**	**18,802**	**9,987**	**91%**	**3,658**	**26.81%**
All Metropolitan Areas	**694,465**	**1,290,538**	**510,095**	**166,441**	**106,955**	**1,985,003**	**783,491**	**76%**	**20,992**	**2.61%**
***Non-Metropolitan Areas**	**36,598**	**38,386**	**34,347**	**9,483**	**4,761**	**74,984**	**48,591**	**88%**	**10,827**	**18.22%**
Total State	**731,063**	**1,328,924**	**544,442**	**175,924**	**111,716**	**2,059,987**	**832,082**	**77%**	**31,819**	**3.68%**
Average Annual Permits	**146,213**	**265,785**	**108,888**	**87,962**	**111,716**	**205,999**	**104,010**		**4,546**	

NOTE: Manufactured homes based on Berlin Reports (1990 to 1996 data) for California, adjusted by location of placements reported by HCD. Since a portion of these units are replacement units, overall additions from manufactured homes overestimate net additional stock.

SOURCE: US Census, C40 Reports 1980-1997; HCD, Manufactured Homes Reported to be Installed on Foundations (1998).

vacancy rates (discussed later). Nonetheless, given the underlying income and demographic shifts during this decade, housing construction is not meeting the demographic and income shifts evident within the State's population, particularly in metropolitan areas of the State. While the distribution of income has remained relatively constant, the dearth of multifamily construction has contributed to tighter rental markets in many areas, impacting rental prices in these areas.

Removals from the Housing Stock

While the need for construction is driven primarily by the demand generated by economic and demographic movements of households within the State, the pace of housing removals also influences the need. Units may deteriorate with age, reach functional obsolescence, or changing local market conditions may lead to the removal and replacement of existing housing supplies.

It is important to differentiate the concept of housing removals and demolitions, since the two concepts are not synonymous. Housing unit demolitions are the physical elimination of housing units, literally eliminating the physical structure. However, demolition of housing units is only a subset of the total units removed from the market. In addition to demolition, housing units may be removed from the market (unavailable for rent or purchase) for a variety of reasons. For instance, a unit may be condemned or occupancy prohibited, though the unit has not been physically removed. The unit could be subjected to fire damage, vandalized, boarded up or lost through a disaster. A unit may not physically be lost from the inventory – the unit could be merged (i.e., two family unit converted to single-family home), or converted (an office for an apartment complex). For all these reasons, the number of units that receive demolition permits underestimate the total number of units removed from the housing stock during a period. While historic demolition activities were tracked through 1994 (by the U.S. Census), information is not centrally collected on other "removals" from the housing market.

From 1990-1997, a total of roughly 47,500 demolition permits were issued throughout the State (see Figure 20).[7] Demolitions have varied tremendously during the past two decades, from a high point that coincided with high construction during the mid-1980s to low rates during the recession at the beginning of the decade.

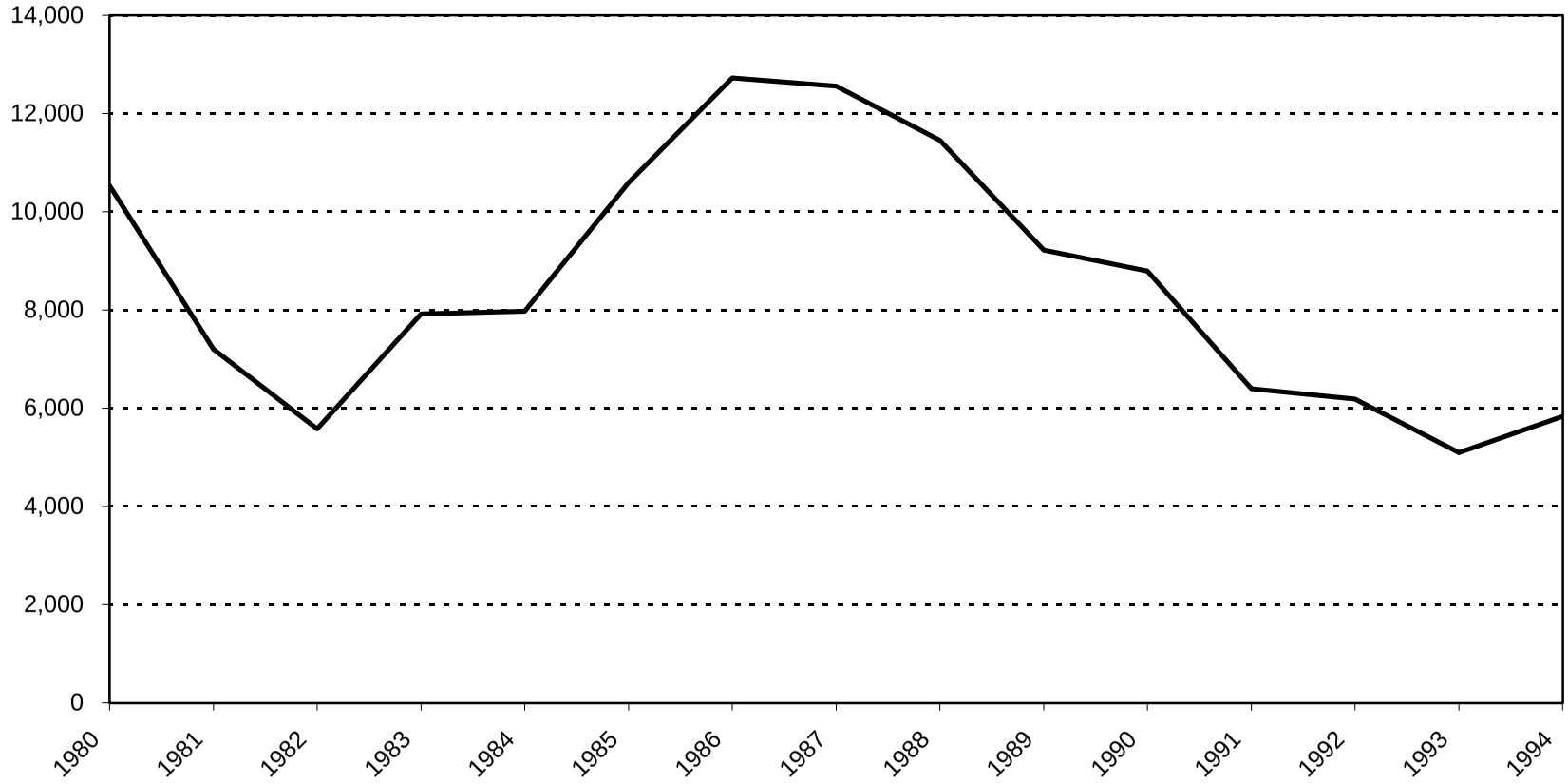
During the past seven years demolitions have averaged about 1.1 percent of 1980 housing stock (or about .11 percent removals annually through the current decade). These demolitions have not occurred uniformly throughout the State. For instance, the overall rate in non-metropolitan areas was about one-half that within metropolitan areas (see Table 8). In addition, overall demolition rates within the Greater Los Angeles Region were about 50 percent higher than the statewide rate, with the rate in Los Angeles County among the highest in within the State (exceeded only in Yuba County). Bay Area demolitions were extremely low, accounting for only 0.5 percent of overall 1980 stock in the Region. Rates in the Bay Area were consistently below all other metropolitan areas within the State.

There is not a consistent source of statewide information for assessing "non-demolition" removals. Detailed information from the American Housing Survey (AHS) does provide insight into the characteristics of the housing stock removed between 1988 and 1994 (see Table 9). These data highlight the characteristics of units that were removed between AHS periods. Since they are removals (not simply demolitions), the estimates for individual metropolitan areas are higher than simply those units demolished. Thus, while demolitions accounted for about 1 percent of overall

Figure 20

Demolition Permits in California

1980-1994



Source: U.S. Census, C-40 Report, various years.

Table 8

Housing Demolitions

1980 to 1994

	Total Demolitions 1980-89	Total Demolitions 1990-1994	1980-89 Demolitions as % of 1980 Housing	Annual Demolitions, 1980 to 1990
Metropolitan Areas				
Greater Los Angeles				
Los Angeles County	54,094	13,288	1.9%	0.2%
Orange County	6,731	2,561	0.9%	0.1%
Riverside County	2,506	1,483	0.9%	0.1%
San Bernardino County	2,102	1,282	0.6%	0.1%
Riverside/San Bernardino	4,608	2,765	0.7%	0.1%
Ventura County	1,132	837	0.6%	0.1%
Imperial County*	545	222	1.8%	0.2%
Total Greater Los Angeles Region	**67,110**	**19,673**	**1.5%**	**0.2%**
Bay Area				
San Francisco County	909	433	0.3%	0.0%
Marin County	686	61	0.7%	0.1%
San Mateo County	1,106	498	0.5%	0.0%
Alameda County	3,305	641	0.7%	0.1%
Contra Costa County	1,598	824	0.6%	0.1%
Santa Clara County	2,374	995	0.5%	0.1%
Sonoma County	323	223	0.3%	0.0%
Solano County	213	426	0.3%	0.0%
Napa County	343	175	0.9%	0.1%
Total Bay Area Region	**10,857**	**4,276**	**0.5%**	**0.1%**
Sacramento				0.0%
Sacramento County	1,530	394	0.5%	0.0%
Placer County	408	217	0.9%	0.1%
El Dorado County	154	147	0.4%	0.0%
Sutter County	64	108	0.3%	0.0%
Yuba County	385	235	2.0%	0.2%
Yolo County	166	104	0.4%	0.0%
Total Sacramento Region	**2,707**	**1,205**	**0.5%**	**0.1%**
Central Valley				0.0%
Fresno County	2,408	910	1.3%	0.1%
Madera County	99	41	0.4%	0.0%
Kern County	2,195	821	1.4%	0.1%
San Joaquin County	1,157	536	0.9%	0.1%
Stanislaus County	537	377	0.5%	0.1%
Merced County	203	141	0.4%	0.0%
Tulare County	695	656	0.8%	0.1%
Kings County*	420	162	1.6%	0.2%
Total Central Valley Region	**7,714**	**3,644**	**1.0%**	**0.1%**
				0.0%
San Diego Region	**4,513**	**1,874**	**0.6%**	**0.1%**
Central Coast Region				0.0%
Monterey County	1,287	624	1.2%	0.1%
San Luis Obispo County	753	447	1.1%	0.1%
Santa Barbara County	671	179	0.6%	0.1%
Santa Cruz County	519	273	0.7%	0.1%
San Benito County*	19	96	0.2%	0.0%
Total Central Coast Region	**3,249**	**1,619**	**0.9%**	**0.1%**
Northern California Region				0.0%
Butte County	460	278	0.8%	0.1%
Shasta County	131	219	0.3%	0.0%
Tehama County*	46	20	0.3%	0.0%
Glenn County*	17	25	0.2%	0.0%
Colusa County*	5	9	0.1%	0.0%
Total Northern California Region	**659**	**551**	**0.5%**	**0.0%**

Table 8 (continued)

Housing Demolitions

1980 to 1994

	Total Demolitions 1980-89	Total Demolitions 1990-1994	1980-89 Demolitions as % of 1980 Housing	Annual Demolitions, 1980 to 1990
NON-METROPOLITAN AREAS				
Northern California Non-metropolitan Region				
Del Norte County*	32	26	0.4%	0.0%
Humboldt County*	171	99	0.4%	0.0%
Mendocino County*	95	81	0.3%	0.0%
Lake County*	113	195	0.6%	0.1%
Siskiyou County*	71	34	0.4%	0.0%
Modoc County*	3	9	0.1%	0.0%
Trinity County*	3	2	0.1%	0.0%
Lassen County*	38	19	0.5%	0.0%
Plumas County*	1	6	0.0%	0.0%
Sierra County*	2	1	0.1%	0.0%
Nevada County*	74	70	0.3%	0.0%
Total Northern California Non-metropolitan Region	603	542	0.4%	0.0%
Central-Southern California Region				0.0%
Amador County*	14	11	0.2%	0.0%
Alpine County*	24	28	3.1%	0.3%
Calaveras County*	32	21	0.3%	0.0%
Tuolumne County*	22	-	0.1%	0.0%
Mariposa County*	1	1	0.0%	0.0%
Mono County*	-	4	0.0%	0.0%
Inyo County*	37	34	0.5%	0.0%
Total Central-Southern California Region	**130**	**99**	**0.2%**	**0.0%**
All Metropolitan Areas	**95,757**	**32,308**	**1.1%**	**0.1%**
***Non-Metropolitan Areas**	**1,785**	**1,175**	**0.5%**	**0.1%**
Total State	**97,542**	**33,483**	**1.1%**	**0.1%**

SOURCE: US Census, C-40 Reports, various years.

Table 9

General Characteristics of Housings Units Removed from the Inventory

Selected Metropolitan Areas in California

Note: All numbers in 1,000's	1989 Characteristics of Units Removed by 1993 San Francisco-Oakland (5 County) Overall Housing Stock	Units Removed from Stock	Percent of Stock	1989 Characteristics of Units Removed by 1993 Santa Clara County Overall Housing Stock	Units Removed from Stock	Percent of Stock
Total Units	1,514.30	18.2	1.2%	533.9	5.9	1.1%
Units in Structure						
1 attached	772.8	6	0.8%	308.6	3.2	1.0%
1 detached	85.2		0.0%	42.1	0.5	0.0%
2 to 4	234.8	5	2.1%	52.7	1.1	2.1%
5 to 9	137.5	0.9	0.7%	34.7	0.3	0.9%
10 to 19	98.4	0.1	0.1%	34.3	0.3	0.9%
20 to 49	97	0.8	0.8%	31.2		0.0%
50 or more	70.6	4.2	5.9%	10.6		0.0%
Mobile Homes	17.7	1.1	6.2%	19.7	0.5	2.5%
Median Year Built	1957	1942		1967	1952	
Bedrooms						
None	82.1	5.5	6.7%	10.5	0.7	6.7%
1	280.9	4.9	1.7%	69.9	1.8	2.6%
2	470.2	3.2	0.7%	147.9	1.8	1.2%
3	463.3	3.4	0.7%	123.5	1.1	0.9%
4+	217.8	1.1	0.5%	123.5	0.6	0.5%
Tenure						
Rent	644.4	8.4	1.3%	206.1	1.6	0.8%
Owner	773.6	5.3	0.7%	307.7	3.9	1.3%
Vacant	96.3	4.4	4.6%	20.2	0.4	2.0%
Conditions of rental units						
Rats	30.2	1.5	5.0%	8.8	0.7	8.0%
Holes in floor	8.6	0.3	3.5%	2.3	0.1	4.3%
Open cracks/holes in wall	66.2	2.8	4.2%	15.9	0.7	4.4%
Broken Plaster or peeling paint	41.1	1.5	3.6%	7.9	0.7	8.9%
Exposed Wiring	18.4	0.5	2.7%	4.6	0.1	2.2%
Renter Housing Costs						
Under 250	44.1	1.8	4.1%	8.1	0.7	8.6%
250 to 499	125	3.2	2.6%	26.2	0.3	1.1%
500 to 699	201.4	0.9	0.4%	65.4	0.5	0.8%
700 to 999	184	0.5	0.3%	71	0	0.0%
1,000 to 1,249	43.9	0.5	1.1%	18.8	0	0.0%
1,250 to 1,499	19.6	0	0.0%	7.2	0.2	2.8%
Over 1,500	8.3	0.5	6.0%	3.7	0.1	2.7%
No rent	18	1.1	6.1%	5.7	0.4	7.0%
Household Income All Units						
Under 10,000	157.3	3.6	2.3%	34.6	1.4	4.0%
10,000 to 19,999	187	3	1.6%	53.4	0.8	1.5%
20,000 to 29,999	241.8	2.3	1.0%	75.7	1.1	1.5%
30,000 to 49,999	319.6	1.5	0.5%	135.4	1	0.7%
50,000 to 79,999	305.6	2.1	0.7%	125.5	0.8	0.6%
Over 80,000	207.1	2	1.0%	89.2	0.6	0.7%
Household Income Rental Units						
Under 10,000	113.4	2.5	2.2%	22.6	1.2	5.3%
10,000 to 20,000	121	2.5	2.1%	32.1	0.4	1.2%
20,000 to 30,00	136.5	1.8	1.3%	39.7	0.7	1.8%
30,000 to 49,999	156.3	1	0.6%	63.2	0.8	1.3%
50,000 to 79999	85.7	0.5	0.6%	35.9	0.6	1.7%
Over 80,000	31.2		0.0%	12.6	0.2	1.6%
Unit Price						
Under 100,000	70.2	1.2	1.7%	29.2	0.7	2.4%
100,000 to 199,999	177.4	0	0.0%	117	0	0.0%
200,000 to 300,000	228.9	0.5	0.2%	83.9	0.3	0.4%
over 300,000	297	3.7	1.2%	77.4	0.7	0.9%

Source: Supplement to the American Housing Survey for Selected Metropolitan Areas. (Current Housing Reports H171/93 and H171/94).

Table 9 (continued)

General Characteristics of Housings Units Removed from the Inventory

Selected Metropolitan Areas in California

Note: All numbers in 1,000's	1990 Characteristics of Units Removed by 1994 Orange County: Overall Housing Stock	Units Removed from Stock	Percent of Stock	1990 Characteristics of Units Removed by 1994 Riverside-San Bernardino-Ontario: Overall Housing Stock	Units Removed from Stock	Percent of Stock
Total Units	893	8.2	0.9%	1015.4	16.6	1.6%
Units in Structure						
1 attached	442.9	2.8	0.6%	645.5	6	0.9%
1 detached	71	0	0.0%	41.7	0.2	0.5%
2 to 4	119.6	1	0.8%	83.3	2.4	2.9%
5 to 9	87.3	2.1	2.4%	54.7	0.9	1.6%
10 to 19	76.2	0.3	0.4%	42.5	0.8	1.9%
20 to 49	44.9	0.4	0.9%	22.1	0.2	0.9%
50 or more	19.9	0.3	1.5%	8.8	0	0.0%
Mobile Homes	31.9	1.5	4.7%	116.7	6.1	5.2%
Median Year Built	1970	1961		1973	1962	
Bedrooms						
None	10.2	0.2	2.0%	9.8	1.3	13.3%
1	124.6	2.7	2.2%	132.2	7.9	6.0%
2	289.6	3.2	1.1%	350.6	4.2	1.2%
3	275.7	1.7	0.6%	357.9	2.3	0.6%
4+	193.5	0.4	0.2%	163.9	0.5	0.3%
Tenure						
Rent	332.6	4.4	1.3%	306.5	5.1	1.7%
Owner	501.7	2.9	0.6%	575.8	5.9	1.0%
Vacant	59.2	0.9	1.5%	133	5.6	4.2%
Conditions of rental units						
Rats	8.9	0.3	3.4%	8.8	0.2	2.3%
Holes in floor	3.7	0.2	5.4%	4.6	0	0.0%
Open cracks/holes in wall	20	1.9	9.5%	24	0.7	2.9%
Broken Plaster or peeling paint	9	0.3	3.3%	16.4	0.5	3.0%
Exposed Wiring	4.8	0.2	4.2%	7	0.2	2.9%
Renter Housing Costs						
Under 250	7.3	0	0.0%	19.2	0.7	3.6%
250 to 499	15.3	0.4	2.6%	81.7	1.8	2.2%
500 to 699	79.5	2	2.5%	116.4	1.4	1.2%
700 to 999	151.2	1.2	0.8%	57.7	0.3	0.5%
1,000 to 1,249	40.4	0	0.0%	12.5	0	0.0%
1,250 to 1,499	20.6	0	0.0%	3	0	0.0%
Over 1,500	11.2	0.3	2.7%	1	0.3	30.0%
No rent	7.1	0.4	5.6%	15.1	0.5	3.3%
Household Income All Units						
Under 10,000	62.5	0.9	1.4%	138.2	4.5	3.3%
10,000 to 19,999	80.6	1.4	1.7%	154.4	2.8	1.8%
20,000 to 29,999	123.6	1.2	1.0%	149	2.8	1.9%
30,000 to 49,999	202.9	2.5	1.2%	210.5	0.9	0.4%
50,000 to 79,999	201	0.9	0.4%	144.9	0.2	0.1%
Over 80,000	163.8	0.4	0.2%	85.3	0	0.0%
Household Income Rental Units						
Under 10,000	31.2	0.5	1.6%	69.5	2.7	3.9%
10,000 to 20,000	46.5	0.4	0.9%	78.2	1.4	1.8%
20,000 to 30,00	67.3	0.3	0.4%	65.9	0.7	1.1%
30,000 to 49,999	103.8	2.2	2.1%	62.5	0.5	0.8%
50,000 to 79999	60.3	0.9	1.5%	23.7	0	0.0%
Over 80,000	23.6	0	0.0%	6.7	0	0.0%
Unit Price						
Under 100,000	46.3	1.6	3.5%	196.9	5.8	2.9%
100,000 to 199,999	110.2	0.7	0.6%	264	0.2	0.1%
200,000 to 300,000	178.5	0.6	0.3%	75.2	0	0.0%
over 300,000	159.2	0	0.0%	39.8	0	0.0%

Source: Supplement to the American Housing Survey for Selected Metropolitan Areas. (Current Housing Reports H171/93 and H171/94).

Table 9 (continued)

General Characteristics of Housings Units Removed from the Inventory

Selected Metropolitan Areas in California

Note: All numbers in 1,000's	1991 Characteristics of Units Removed by 1994 San Diego County: Overall Housing Stock	Units Removed from Stock	Percent of Stock
Total Units	963.9	9.2	1.0%
Units in Structure			
1 attached	485.4	4.8	1.0%
1 detached	66.3	0.7	1.1%
2 to 4	94.1	1.3	1.4%
5 to 9	98.9	0	0.0%
10 to 19	91	0.7	0.8%
20 to 49	51.4	0.2	0.4%
50 or more	29.6	0.5	1.7%
Mobile Homes	47.2	1	2.1%
Median Year Built	1971	1962	
Bedrooms			
None	17.4	0.7	4.0%
1	156	3.7	2.4%
2	352.2	3.3	0.9%
3	291.5	1.2	0.4%
4+	146.7	0.2	0.1%
Tenure			
Rent	398.4	5.9	1.5%
Owner	480.6	1.3	0.3%
Vacant	84.9	2	2.4%
Conditions of rental units			
Rats	11.4	0	0.0%
Holes in floor	5.1	0	0.0%
Open cracks/holes in wall	24.8	0.7	2.8%
Broken Plaster or peeling paint	16.1	0.7	4.3%
Exposed Wiring	9.6	1	10.4%
Renter Housing Costs			
Under 250	17.9	0.8	4.5%
250 to 499	76.7	1.6	2.1%
500 to 699	148.2	1.6	1.1%
700 to 999	107.2	1.2	1.1%
1,000 to 1,249	22.8	0.2	0.9%
1,250 to 1,499	9.5		0.0%
Over 1,500	5.8	0.2	3.4%
No rent	10.2	0.3	2.9%
Household Income All Units			
Under 10,000	84.7	1.9	2.2%
10,000 to 19,999	143.4	1.6	1.1%
20,000 to 29,999	163.3	1.8	1.1%
30,000 to 49,999	211.5	1	0.5%
50,000 to 79,999	167.3	0.2	0.1%
Over 80,000	108.8	0.7	0.6%
Household Income Rental Units			
Under 10,000	57.8	1.6	2.8%
10,000 to 20,000	95.7	1.6	1.7%
20,000 to 30,00	91.2	1.8	2.0%
30,000 to 49,999	94.9	1	1.1%
50,000 to 79999	45.4	0	0.0%
Over 80,000	13	0	0.0%
Unit Price			
Under 100,000	64.4	0.8	1.2%
100,000 to 199,999	199.6	0	0.0%
200,000 to 300,000	120.7	0.4	0.3%
over 300,000	95.9	0	0.0%

Source: Supplement to the American Housing Survey for Selected Metropolitan Areas. (Current Housing Reports H171/93 and H171/94).

stock, the overall removal rates for units are higher. In each area, removals accounted for between 0.9 to 1.6 percent of stock during the five-year period, implying removal rates that are nearly twice those of demolitions.

Because of small sample sizes, these estimates should only be taken as relative indicators of underlying housing market activity. Given this qualifier, there were commonalties for the units removed in all the metropolitan areas.

- As would be expected, the median age of structures that are removed is greater than ages in the overall stock.

- In all cases, vacant units were more likely to be removed from the market. Between 1.5 and 4.6 percent of vacant units in the 1988-90 period were removed within the next 4 to 5 years.

- With the exception of Orange County, rental units were more likely to be removed than ownership units – up to 5 times more likely in San Diego County.

- In general, removals tended to be smaller units, particularly studio units.

- Removals were more prevalent in structures with a larger number of units (though for most areas this bias was not pronounced).

- In the rental stock, units removed tended to have more concentrated housing unit deficiencies.

- Manufactured homes accounted for the highest removal rates among structure types.

The underlying financial characteristics of units were also similar:

- Rental removals are more concentrated in the lowest rent stock, including those units with no rent paid.

- However, removals are not restricted to lowest cost units – in each area a portion of the units removed were from the higher portion of the rent stock, presumably to replace rental units with ownership properties (although this cannot be determined with available information).

- Prior to removal, units were far more likely to be occupied by households with lower household incomes, and units removed from the ownership market were disproportionately at the lower end of the housing values.

In summary, in assessing the need for housing to replace housing stock that “falls” out of the housing market, the underlying demolition data underestimates the true losses of stock. From survey data collected as part of the AHS, it appears that removals may be up to twice underlying demolition permit rates. Further, units removed from the market during the 1988 to 1994 period tended to be older, smaller, rental or vacant housing units, with a higher incidence of physical problems than the overall stock. The units were at the lower end of the rental or price scale, and previous occupants tended to be relatively poor households.

The Condition of Housing

The State's housing stock varies in the level and quality of service that it affords residents. In particular, housing resources within the State deteriorate over time, unless housing units receive periodic updating. This deterioration often leads to removal and/or demolition of housing, particularly if mechanical and exterior components of housing units are not upgraded.

While the majority of housing within the State is well maintained and in good condition, there is a significant portion of housing throughout the State that is in need of repair or replacement. Lower-income households often occupy this stock. For owners, the problem is often one of ongoing maintenance problems – for these households, low incomes lead to a lack of funds for maintenance and repairs. For rental properties, rents that can be collected on properties may not be sufficient to cover the needed costs, leading to deterioration.

The AHS provides detailed information on the overall condition of housing stock within several metropolitan areas within the State.[8] The information permits an assessment of interior and exterior conditions of housing units as well as the occupancy characteristics of households within these units, particularly tenure of occupants. Unit and building characteristics permit a detailed examination of interior and exterior quality in assessing overall housing conditions. The condition of several key mechanical systems can be assessed and units rated in their adequacy along these dimensions (see Table 10 for outline of characteristics defining inadequate housing).

Overall housing conditions within these metropolitan areas vary significantly (see Table 11). The portion of housing stock with problems ranges from less than 5 percent (in both Marin and San Mateo counties), to about 17 percent (in San Francisco County). In general, there is a relationship between the age of the housing stock within metropolitan areas and the incidence of problems within the housing stock, as would be expected (the greater the age of housing, in general the greater the need for maintenance, repair and/or replacement of key mechanical systems of the housing unit).

Moreover, problems with the housing stock tend to be concentrated in interior housing unit deficiencies; generally two to three times as many units have interior problems as units with exterior problems (although a significant number of housing units have both interior and exterior problems). Thus, as housing units age and often are not as competitive within the housing market (particularly in the amount of rent they can command), they increasingly face the need for mechanical system repair and/or replacement. Too often, this maintenance need is deferred, particularly interior repair needs.

Finally, these recent figures are generally consistent with earlier assessments of rehabilitation needs conducted by the State about a decade ago (reported in the 1990 California Statewide Housing Plan Update). While overall rehabilitation need for each county does not match precisely, on balance, estimates from both sources reveal similar total need within the State.

Assuming earlier estimates of need are consistent for those counties without more recent detailed estimates, the overall need for housing rehabilitation need is approximately 12 percent (or 1.4 million housing units) statewide (see Table 12). These estimates assume that overall incidence of rehabilitation needs for housing remain at about one quarter of total stock for more non-metropolitan counties within the State, while metropolitan area rehabilitation need is approximately 12 percent of overall stock. The Central Non-metropolitan Region of the State has a particularly high proportion of estimated rehabilitation need (36 percent).

Table 10

Unit and Building Characteristics for Housing Units with Problems

Unit Component	Definition of Substandard Condition
Plumbing	Lacking hot piped water or a flush toilet, or lacking both bathtub and shower, all for exclusive use of the unit. Having the toilets all break down at least once, at least three times in the last three months, for at least six hours each time.
Heating	Having been uncomfortably cold last winter, for 24 hours or more because the heating equipment broke down at least three times last winter for at least six hours each time. Having unvented gas, oil or kerosene heaters as the main source of heat; these give off unsafe fumes.
Unit Upkeep	Having three of the following six maintenance problems: * leaks from outdoors * leaks from indoors * holes in the floor * holes or open cracks in the walls or ceilings * more than a square foot of peeling paint or plaster * rats in the last 90 days
Hallways	Having three of the following problems in public hallways: * no working light fixtures * loose or missing steps * loose or missing railings * no elevator
Electrical	Having no electricity. Having all of the following electrial problems: * exposed wiring * a room with no working outlets * three blown fuses or tripped circuit breakers in the last 90 days
Kitchen	Lacking a sink, range, or refrigerator, all for the exclusive use of the unit.
Exterior Conditions	Building has any of the following: * Sagging or missing roof materials * Roof has hole (s) * Building walls missing wall materials/siding * Building has sloping outside walls * Building has crumbling foundation

Source: Adopted from ***Codebook for the American Housing Survey: 1973 to 1993****, 1990 (pages 66-68).*

Table 11

Substandard Units and Structures

1993-95

	Year of Analysis	RENTAL UNITS: Housing or Structure Problems (see Note 1)	RENTAL UNITS: Adquate Units	RENTAL UNITS: % with Problems	OWNERSHIP UNITS: Housing or Structure Problems (see Note 1)	OWNERSHIP UNITS: Adquate Units	OWNERSHIP UNITS: % with Problems	TOTAL UNITS: Housing or Structure Problems (see Note 1)	TOTAL UNITS: % with Problems	TOTAL UNITS: % with Problems (1989 Assessment) (See Note 2)
Metropolitan Areas										
Greater Los Angeles Area										
Los Angeles-Long Beach	1995	*328,948*	*1,453,537*	*18.5%*	*108,832*	*1,257,259*	8.0%	437,780	14%	13%
Orange County	1994	*55,415*	*374,589*	*12.9%*	*17,991*	*510,291*	*3.4%*	73,406	8%	6%
Riverside	1994	27,536	132,832	17.2%	13,876	313,653	4.2%	41,412	8%	10%
San Bernardino	1994	37,016	166,982	18.1%	27,334	317,561	7.9%	64,350	12%	12%
Riverside/San Bernardino	1994	*64,552*	*299,814*	*17.7%*	*41,210*	*631,214*	*6.1%*	105,762	10%	11%
Bay Area										
San Francisco	1993	45,617	174,747	20.7%	8,995	97,195	8.5%	54,612	17%	16%
Marin	1993	2,671	33,847	7.3%	1,942	61,968	3.0%	4,613	5%	8%
San Mateo	1993	8,566	92,869	8.4%	3,973	148,715	2.6%	12,539	5%	7%
San Francisco	1993	56,854	301,463	15.9%	14,910	307,878	4.6%	71,764	11%	12%
Alameda	1993	32,150	213,477	13.1%	14,080	258,364	5.2%	46,230	9%	13%
Contra Costa	1993	14,205	103,410	12.1%	15,362	209,411	6.8%	29,567	9%	9%
Oakland	1993	*46,355*	*316,887*	*12.8%*	*29,442*	*467,775*	*5.9%*	75,797	9%	12%
San Francisco Oakland	1993	*103,209*	*618,350*	*14.3%*	*44,352*	*775,653*	*5.4%*	147,561	10%	
San Jose	1993	*20,766*	*212,016*	*8.9%*	*13,521*	*320,812*	*4.0%*	34,287	6%	8%
Sacramento										
Sacramento	1996	23,707	174,553	12.0%	17,280	251,401	6.4%	40,987	9%	12%
Placer	1996	2,839	22,282	11.3%	3,894	59,103	6.2%	6,733	8%	13%
El Dorado	1996	2,778	14,482	16.1%	3,286	38,706	7.8%	6,064	10%	14%
Sacramento	1996	*29,324*	*211,317*	*12.2%*	*24,460*	*349,210*	*6.5%*	53,784	9%	13%
San Diego	1993	*34,500*	*412,077*	*7.7%*	*25,700*	*494,749*	*4.9%*	60,200	6%	9%

Notes: 1. See Table 13 for description of Housing and Structure Problems.

2. Percent of Units with Problems in 1989 reflect estimates from the California Statewide Housing Plan Update, 1990.

Source: American Housing Survey, Metropolitan Series, Various Years.

Table 12

Estimated Substandard Units and Structures

1997

	TOTAL UNITS	
	Housing or Structure Problems	**% with Problems**
Metropolitan Areas		
Greater Los Angeles Area		
Los Angeles County	451,500	14%
Orange County	71,600	8%
Riverside County	46,900	8%
San Bernardino County	69,500	12%
Ventura County	[17,100]	[7%]
Imperial County*	[14,400]	[34%]
Total Greater Los Angeles Area	**671,400**	**12%**
Bay Area		
San Francisco County	56,000	17%
Marin County	4,700	5%
San Mateo County	12,800	5%
Alameda County	46,500	9%
Contra Costa County	29,600	9%
Santa Clara County	34,200	6%
Sonoma County	[17,700]	[10%]
Solano County	[19,700]	[15%]
Napa County	[6,700]	[14%]
Total Bay Area	**226,300**	**9%**
Sacramento		
Sacramento County	[40,100]	9%
Placer County	[7,300]	8%
El Dorado County	[7,100]	10%
Sutter County	[5,100]	[18%]
Yuba County	[5,000]	[22%]
Yolo County	[8,800]	[15%]
Total Sacramento Area	**74,600**	**12%**
Central Valley		
Fresno County	[53,200]	[20%]
Madera County	[8,000]	[21%]
Kern County	[49,600]	[22%]
San Joaquin County	[38,300]	[21%]
Stanislaus County	[23,500]	[16%]
Merced County	[16,000]	[24%]
Tulare County	[29,500]	[25%]
Kings County*	[9,700]	[28%]
Total Central Valley Area	**226,400**	**21%**
San Diego	**62,700**	**6%**
Central Coast		
Monterey County	*[16,700]*	*[13%]*
San Luis-Obispo County	*[13,600]*	*[14%]*
Santa Barbara County	*[12,900]*	*[9%]*
Santa Cruz County	*[12,400]*	*[13%]*
San Benito County*	[3,100]	[21%]
Total Central Coast	**58,700**	**12%**

Table 12 (continued)

Estimated Substandard Units and Structures

1997

	TOTAL UNITS	
	Housing or Structure Problems	**% with Problems**
Northern California		
Butte County	[18,700]	[22%]
Shasta County	[14,600]	[21%]
Tehama County*	[4,900]	[21%]
Glenn County*	[2,500]	[25%]
Colusa County*	[1,800]	[26%]
Northern California	**42,500**	**22%**
NON-METROPOLITAN AREAS		
Northern California Non-metropolitan		
Del Norte County*	[3,400]	[33%]
Humboldt County*	[14,500]	[26%]
Mendocino County*	[6,600]	[18%]
Lake County*	[6,300]	[20%]
Siskiyou County*	[5,400]	[25%]
Modoc County*	[1,700]	[33%]
Trinity County*	[4,000]	[50%]
Lassen County*	[2,900]	[26%]
Plumas County*	[3,200]	[24%]
Sierra County*	[500]	[24%]
Nevada County*	[5,600]	[13%]
Northern California Non-metropolitan Total	**54,100**	**23%**
Central Southern California		
Alpine County*	[200]	[15%]
Amador County*	[2,300]	[16%]
Calaveras County*	[4,700]	[21%]
Inyo County*	[3,100]	[34%]
Mariposa County*	[1,900]	[21%]
Mono County*	[1,800]	[16%]
Tuolumne County*	[5,900]	[21%]
Central Southern California Total	**19,900**	**36%**
Metropolitan Areas	**1,326,200**	**12%**
Non-metropolitan Areas*	**110,400**	**26%**
Total State	**1,436,600**	**12%**

NOTE:

All figures in brackets [ ] are based on estimate of rehabilitation and replacement need percentages from the California Statewide Housing Plan Update, Table III-27A and Table III-27B. Other estimates from AHS data. All estimates of rehabilitation are based on total housing units reported in 1997 DOF E-5 housing estimates.

Sources: 1990 Californria Statewide Housing Plan Update, American Housing Survey.

The Performance of California's Housing Market in the 1990s

The State weathered a significant recession during the early 1990s; by 1998, the State's economy had generally recovered. In several regions (notably the Bay Area, Sacramento and portions of the Greater Los Angeles Region), employment growth has led to a recovery of incomes, and migration levels have returned to pre-recession levels. However, the recession and subsequent recovery have impacted housing markets throughout the State. The relative strength of housing markets, measured by homeownership, rental and house prices, and vacancies reveal the underlying conditions currently faced by households throughout the State.

Homeownership

California has a low rate of homeownership. The national homeownership rate stood at about 64.2 percent in 1990, and 11 states had homeownership rates that exceeded 70 percent. California's homeownership rate (55.6 percent) was one of the lowest in the nation; only three states (New York, Hawaii, and Nevada) had lower rates.

This is not to indicate that homeownership rates in the State are uniformly low. Homeownership rates were only high in the non-metropolitan portion of the State – these were the only areas that exceeded the national average in 1990 (see Figure 21). Ownership rates in the non-metropolitan regions within the State paralleled national rates, while metropolitan rates reached only about 55 percent. The Central-Southern California and Northern California Non-metropolitan regions had the highest overall ownership rates (70.5 and 66.1 percent respectively). Ownership throughout the Northern California Region paralleled national figures, with an average ownership rate of 63.3 percent within the region.

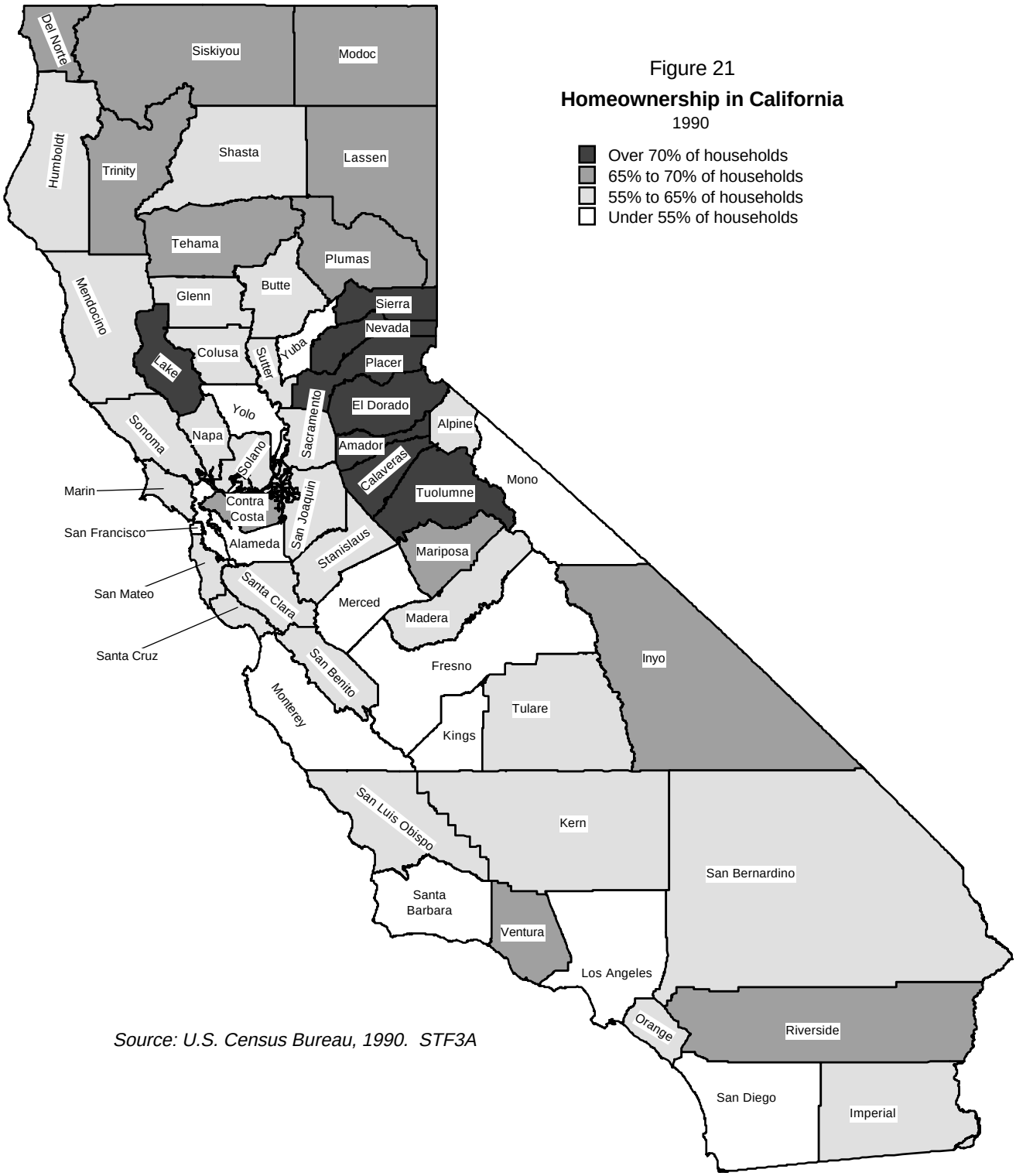
However, all other regions in the State had homeownership rates that were below 60 percent, and with few exceptions, individual counties in these regions followed respective region-wide trends. In the Sacramento Region, while the overall ownership rate was about 58.8 percent, both Placer and El Dorado counties had homeownership rates that exceeded 70 percent, and though owners in Sacramento County accounted for approximately 56.6 percent of households, ownership in the Sacramento MSA was only slightly below 60 percent. The remaining counties in the region all experienced ownership rates that were between 52 and 58 percent. In the Central Coast Region, the three less urbanized counties (San Benito, San Luis Obispo, and Santa Cruz), had ownership rates in the 60 to 61 percent range, while Monterey and Santa Barbara counties had rates below the statewide average (50.7 and 54.7 percent respectively). Ownership in the Central Valley Region averaged 57.7 percent, with individual counties ranging from 54.3 percent to nearly 65 percent.

Homeownership rates in the Greater Los Angeles, San Diego and Bay Area regions were lowest in the State (54, 53.8 and 56 percent respectively). In the Greater Los Angeles Region, with the exception of Los Angeles County (where ownership units were 48.2 percent of total units), all other urban counties had ownership rates that were at least 60 percent. In the Bay Area Region, with the exception of Alameda and San Francisco counties (where ownership units accounted for 53.3 and 34.5 percent of units, respectively), ownership was also strong, generally ranging between 59.1 and 67.6 percent of housing units. In general, homeownership patterns in 1990 revealed a pattern of higher rates in outlying non-metropolitan areas and the suburban counties near the major urban counties within the State. Homeownership rates also tended to be lower along the coastal areas.

Figure 21

Homeownership in California

1990



Source: U.S. Census Bureau, 1990. STF3A

Detailed information on homeownership rates is not available consistently within the State since Census information published in 1990. As part of the Current Population Survey (CPS) conducted by the Census Bureau, estimates of homeownership are reported for the State and several metropolitan areas. Since this information is collected from a sample of housing units within the nation, State and metropolitan areas, it is subject to variability over time. For many areas within the State, the estimates may vary by about 4 percent in an individual time period. For example, the homeownership rate is estimated at 54.8 for Sacramento in 1997 – the actual rate may vary from about 51.1 to 58.5 percent (with 95 percent confidence). Thus, the figures presented in the following discussion should not be taken as exact estimates of the underlying homeownership rates within the State, but instead should be viewed as general indicators of underlying trends (see Table 13). In addition, based on comparisons to 1990 Census information, these figures appear to systematically underestimate homeownership within the State. These variations are often significant – in the Oakland Metropolitan Statistical Area (MSA), Cdensus figures are 8 percent higher, while in Sacramento, Census data were over 10 percent higher. Conversely, both San Francisco and San Jose Census figures were lower by 1 and 7 percent respectively.

Homeownership has continued to increase in the nation, rising by about 2.5 percent between 1991 and 1997. Based on Housing Vacancy Survey data, the national homeownership rate reached about 65.7 percent by 1997. Given the relatively high rate of ownership outside of metropolitan areas, it is not surprising that the strongest increases were evident within metropolitan areas – while rising, homeownership rates still remain about 15 percent lower inside of metropolitan areas. According to this data, California continues to lag national trends in homeownership. While overall homeownership increased, the relative pace in California was below the rate of increase at the national level (2.2 percent in California). Moreover, given the depth of the recession in California during the early 1990s, these figures (which indicate a rising rate through most of the recession) may overestimate homeownership changes in the early part of the decade. On the whole, it appears that the rate of homeownership within the State has risen since the turn of the decade, but only modestly (certainly less than 3 percent from the 1990 to 1997 period). Based on the CPS sample, overall homeownership within the State is approximately 57 percent in 1997.

These dampened changes at the State level are mirrored within the metropolitan areas of the State. With the exception of the Oakland MSA (with a homeownership rate that was significantly below Census reported data), underlying homeownership rates in each metropolitan area tend to follow overall State trends. That is, all metropolitan areas exhibit changes in homeownership that are well below metropolitan changes within the nation. Declines are reported in Los Angeles, the San Francisco MSA and Sacramento. However, in the case of Sacramento, there is a mismatch between 1990 Census and CPS data. It may be that the CPS is underestimating the relative growth in the area; however, the relative change is fairly small in the area. Only in the Oakland MSA did homeownership increase significantly. However, given the divergence between Census and CPS information in 1990, this growth may be significantly overestimated as well.

In summary, while there appears to have been a modest increase in the level of homeownership within the State, this growth has been modest, rising more slowly than national trends in homeownership. Given construction trends, it appears that homeownership has risen by no more than 1.5 (rising to 57 by 1997). If this is the case, the State has added more than one-half million homeowners throughout the 1990s.

Table 13

Estimated Homeownership for Selected Areas 1987 to 1997[1]

	Estimated Homeownership Rates (in Percent)[2]												Percentage Change 1987 to 1997	Percentage Change 1991 to 1997
	1987	1988	1989	1990 Census	1990	1991	1992	1993	1994	1995	1996	1997		
US Average	64.0	63.8	63.9	64.2	63.9	64.1	64.1	64.0	64.0	64.7	65.4	65.7	2.2%	2.5%
US Average, Inside Metros	61.4	61.3	61.3	na	61.3	61.4	61.6	61.5	61.7	62.7	63.4	63.7	3.3%	3.7%
US Average, Outside Metros	72.8	72.6	72.8	na	73.2	73.2	72.8	72.6	72.0	72.7	73.5	73.7	1.0%	0.7%
California	54.3	54.4	53.6	55.6	53.8	54.5	55.3	56.0	55.5	55.4	55.0	55.7	1.3%	2.2%
Los Angeles MSA	48.6	48.5	47.4	48.2	47.9	48.0	48.5	48.7	48.9	48.1	46.8	47.7	-3.7%	-0.6%
Oakland MSA	59.1	59.4	56.2	58.8	54.2	53.9	52.2	55.7	58.1	57.0	57.2	59.3	-3.2%	10.0%
Sacramento MSA	53.1	49.4	51.7	59.7	53.5	56.0	60.4	63.7	59.0	58.3	56.9	54.8	7.2%	-2.1%
San Bernardino/Riverside MSA	64.9	66.6	65.3	65.2	60.0	60.1	63.8	64.7	62.6	61.8	62.9	60.9	-3.1%	1.3%
San Diego MSA	55.0	51.7	48.7	53.8	51.2	54.8	55.5	55.4	56.6	57.8	54.9	55.2	-0.2%	0.7%
San Francisco MSA	48.2	52.8	52.3	48.3	48.8	53.8	53.5	49.9	47.9	53.8	50.4	48.9	4.6%	-9.1%
San Jose MSA	55.4	61.2	63.4	59.1	63.2	62.4	63.7	63.7	60.7	58.7	59.6	63.8	7.6%	2.2%

Note: 1. Estimated homeownership rates based on Current Population Survey data for respective years.

2. Standard errors for metropolitan areas based on sample size: Los Angeles (.6), Oakland (1.6), Sacramento (1.9) San Bernardino/Riverside (1.4), San Diego (1.5), San Francisco (1.8), San Jose (1.9)

Source: US Census, STF3A and Housing Vacancy Survey, Fourth Quarter, 1997

Housing Vacancy Rates

Willing buyers and sellers all interact in the housing market through competition for vacant housing units. When vacancy rates are low, households will compete for the available supply, bidding up both rents and prices within the housing market. Conversely, when vacancies are high, landlords and sellers will tend to reduce rents or prices to improve the relative value of a property, hopefully to entice buyers in the market to take their units. Thus, vacancy rates offer one of the powerful signals of the relative health of housing markets, highlighting the relative balance between supply and demand for housing.

1990 Vacancy Estimates

Overall Vacancy Rates

California entered the decade with an overall vacancy rate of 7.17 percent. Overall vacancies were extremely high in California's non-metropolitan areas (about 17.3 percent), driven largely by the prevalence of second- or vacation-homes in non-metropolitan areas. The Central-Southern Non-metropolitan California Region was notably high – it experienced overall vacancies nearly twice the total non-metropolitan rate, with individual counties experiencing vacancies in nearly two-thirds of housing units. While metropolitan areas experienced overall vacancies of about 6.78 percent, individual regions varied. Overall vacancies in the Bay Area were approximately 5 percent, while San Diego and the Central Valley regions both experienced relatively lower vacancies than statewide averages (6.22 and 6.37 percent respectively). The Greater Los Angeles Region entered the decade with overall vacancies at about 7.4 percent, though the underlying vacancy in individual counties varied from about 5.5 percent to almost 17 percent. The Sacramento Region experienced the highest overall vacancy rate among the metropolitan regions, with an overall vacancy of about 8.5 percent at the turn of the decade. The remaining regions (the Central Coast and Northern California) experienced overall vacancies near statewide rates (7.9 and 6.9 percent respectively).

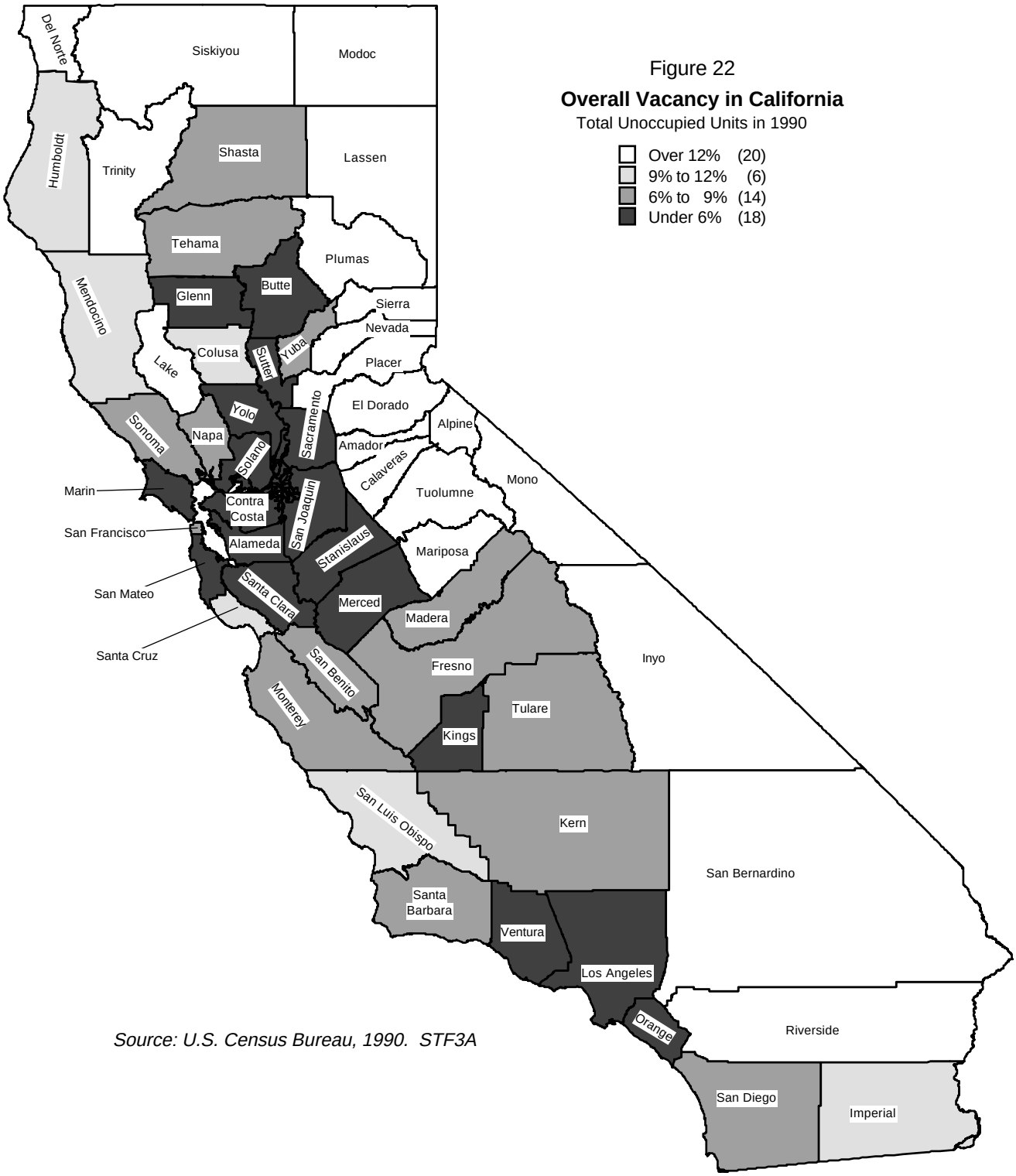
However, these regional averages mask systematic variation within counties within the State (see Figure 22 and Table 14). Thus, while overall vacancies are high in the non-metropolitan counties, both Humboldt and Mendocino counties experienced vacancies that were under 10 percent, and several non-metropolitan counties, including San Benito, Glenn, Kings, and Tehama counties, all had relatively low overall vacancy rates (6.6, 5.5, 5.5, and 8.3 respectively). In the Greater Los Angeles Region, overall vacancy levels were polar – while Los Angeles, Orange, and Ventura counties all had relatively low rates (5.5, 5.5, and 4.9 percent respectively), the Riverside/San Bernardino area had rates nearly three times these levels (16.9 and 14.3 percent respectively).

In general, overall vacancies were relatively low throughout the Bay Area, with only San Francisco, Sonoma and Napa experiencing rates that were above 6 percent (7, 7.5 and 6.5 percent respectively). San Mateo and Santa Clara counties experienced overall vacancies below 4 percent (3.9 and 3.7 percent respectively), only matched in Yolo County (3.8 percent). In the Central Valley Region, with two exceptions, overall vacancies were less than 7 percent (Madera and Kern counties had respective overall vacancies of 8 and 8.6 percent respectively). In the Central Coast Region, rates varied from about 6 percent (in Santa Barbara County) to over 11 percent overall vacancies in San Luis Obispo County.

Figure 22

Overall Vacancy in California

Total Unoccupied Units in 1990



Source: U.S. Census Bureau, 1990. STF3A

Table 14

Vacancy Rates for California Counties

1990

	Rental Vacancy Rate	Owner Vacancy Rate	Unavailable Units (Share of Total Stock)	Overall Vacancy Rate
Metropolitan Areas				
Greater Los Angeles Metro				
Los Angeles County	6.03%	1.81%	1.51	5.49%
Orange County	6.71%	1.73%	1.77	5.49%
Riverside County	9.99%	4.92%	10.99	16.90%
San Bernardino County	8.83%	3.18%	9.48	14.31%
Ventura County	5.04%	1.90%	1.94	4.89%
Imperial County*	5.24%	1.55%	7.25	10.17%
Total Greater Los Angeles Metro Region	**6.55%**	**2.28%**	**3.28**	**7.43%**
Bay Area				
San Francisco County	5.82%	1.66%	2.67	6.97%
Marin County	3.79%	1.70%	2.32	4.76%
San Mateo County	4.48%	1.56%	1.21	3.92%
Alameda County	5.56%	1.35%	1.56	4.88%
Contra Costa County	6.64%	1.65%	1.76	5.02%
Santa Clara County	4.59%	1.39%	1.01	3.71%
Sonoma County	5.26%	1.60%	4.63	7.48%
Solano County	6.13%	2.11%	1.52	5.11%
Napa County	4.67%	1.79%	3.81	6.53%
Total Bay Area Region	**5.34%**	**1.55%**	**1.86**	**5.03%**
Sacramento				
Sacramento County	6.87%	1.43%	1.72	5.52%
Placer County	7.16%	1.53%	14.93	17.69%
El Dorado County	5.08%	2.05%	21.45	23.77%
Sutter County	4.38%	0.80%	2.09	4.35%
Yuba County	4.99%	0.56%	4.33	6.91%
Yuba	*4.68%*	*0.70%*	*3.14*	*5.55%*
Yolo County	*3.72%*	*0.99%*	*1.54*	*3.83%*
Total Sacramento Region	**6.33%**	**1.42%**	**5.22**	**8.54%**
Central Valley				
Fresno County	5.66%	1.53%	2.84	6.21%
Madera County	3.77%	1.51%	5.80	7.98%
Kern County	6.59%	1.99%	4.92	8.64%
San Joaquin County	4.52%	1.65%	2.05	4.88%
Stanislaus County	4.85%	2.08%	1.91	5.04%
Merced County	3.47%	0.96%	3.22	5.27%
Tulare County	4.46%	1.03%	4.49	6.81%
Kings County*	5.62%	1.43%	2.35	5.71%
Total Central Valley Region	**5.22%**	**1.64%**	**3.29**	**6.37%**
San Diego Region	**6.31%**	**1.96%**	**2.29**	**6.22%**
Central Coast Region				
Monterey County	3.75%	2.31%	3.91	6.81%
San Luis Obispo County	5.71%	2.69%	7.36	11.00%
Santa Barbara County	5.07%	1.90%	2.78	6.04%
Santa Cruz County	4.64%	2.04%	6.14	9.05%
San Benito County*	3.52%	2.82%	0.04	6.61%
Total Central Coast Region	**4.67%**	**2.22%**	**4.69**	**7.86%**

Table 14 (continued)

Vacancy Rates for California Counties

1990

	Rental Vacancy Rate	Owner Vacancy Rate	Unavailable Units (Share of Total Stock)	Overall Vacancy Rate
Northern California Region				
Butte County	4.09%	1.20%	3.59	5.85%
Shasta County	3.74%	1.59%	5.33	7.57%
Tehama County*	5.23%	1.05%	6.07	8.33%
Glenn County*	2.09%	1.00%	4.08	5.45%
Colusa County*	4.66%	0.67%	8.88	10.85%
Total Northern California Region	**3.99%**	**1.29%**	**4.71**	**6.91%**
NON-METROPOLITAN AREAS				
Northern California Non-metropolitan Region				
Del Norte County*	8.90%	2.83%	7.50	12.14%
Humboldt County*	4.97%	1.26%	6.58	9.22%
Mendocino County*	5.33%	1.18%	7.00	9.60%
Lake County*	6.40%	3.92%	24.30	27.82%
Siskiyou County*	7.65%	2.18%	10.46	14.08%
Modoc County*	8.07%	3.62%	16.37	20.57%
Trinity County*	10.01%	2.55%	28.06	31.62%
Lassen County*	10.59%	1.69%	13.55	17.52%
Plumas County*	7.62%	2.18%	29.12	31.96%
Sierra County*	12.42%	1.66%	35.04	38.32%
Nevada County*	5.69%	1.82%	15.24	17.65%
Total Northern California Non-metropolitan Region	**6.31%**	**2.01%**	**13.71**	**16.74%**
Central-Southern California Region				
Amador County*	5.31%	1.90%	15.58	17.92%
Alpine County*	55.14%	2.27%	47.54	65.88%
Calaveras County*	6.20%	3.58%	31.05	33.96%
Tuolumne County*	5.73%	2.27%	26.22	28.66%
Mariposa County*	14.48%	2.07%	22.38	27.22%
Mono County*	37.56%	5.12%	51.07	62.86%
Inyo County*	4.78%	3.26%	9.76	13.17%
Total Central-Southern California Region	**12.50%**	**2.75%**	**27.11**	**31.37%**
All Metropolitan Areas	**6.05%**	**1.96%**	**3.06**	**6.78%**
***Non-Metropolitan Areas**	**6.76%**	**1.99%**	**14.09**	**17.30%**
Total State	**6.07%**	**1.96%**	**3.48**	**7.17%**

Source: 1990 Census, STF 3A

Finally, in the Sacramento Region, overall vacancies in Placer and El Dorado counties were over twice region-wide averages (17.7 and 23.8 percent respectively), while Sutter, Yolo and Sacramento counties were significantly below region-wide averages (4.4, 3.8 and 5.5 percent respectively).

Thus, while regional overall vacancy rates varied significantly, these overall figures mask significant variation within the counties within the regions. Individual county estimates were often between two and three times that of regional totals. Notwithstanding this variation, the State entered the decade with lower overall vacancies in the Bay Area (particularly Santa Clara County) and low overall rates in the San Diego, Central Valley and Northern California regions – between 1/2 and 1 percent below statewide averages. On the other hand, non-metropolitan areas were almost uniformly at least twice as high as statewide averages (and up to nearly 10 times greater). Finally, in both the Greater Los Angeles and Sacramento regions, rates in surrounding suburban counties were generally significantly higher than statewide averages while the key urban counties had relatively lower overall vacancy rates.

Variations in Vacancy by Tenure

Overall vacancy rates provide an indication of the amount of unoccupied housing stock. However, they do not provide detail on the underlying nature of these vacant units. In reality, units may be vacant because they are available for rent or sale, or they may be vacant but unavailable due to their status as second-homes or other seasonally occupied housing units.

When housing stock is adjusted by the potential for occupancy by households, vacancy variations within the State are magnified. For example, while about 3.5 percent of State housing was withheld from the market, housing markets within individual counties varied extensively – from almost none in San Benito County to over one-half of the total housing stock in Mono County (see Figure 23 and Table 14). Second-homes and other units withheld from the market were generally a more significant portion of the stock in the non-metropolitan regions, accounting for about 14 percent of overall stock versus 3 percent in metropolitan areas. In general, overall vacancies in the eastern portion of the State were more likely to be influenced by seasonal vacancies (particularly second-homes), with lesser impacts in San Luis Obispo and the Northern Coastal areas. Further, with the exception of areas with strong second-home markets in the mountain areas, the entire Central Valley Area (including the Central Valley and Sacramento regions) experienced relatively low shares of units that are withheld from the market. In addition, in the Greater Los Angeles and Bay Area regions, with the exception of the San Bernardino/Riverside Area, units withheld from the market were consistently a low proportion of aggregate housing stock, as was true in the San Diego Region.

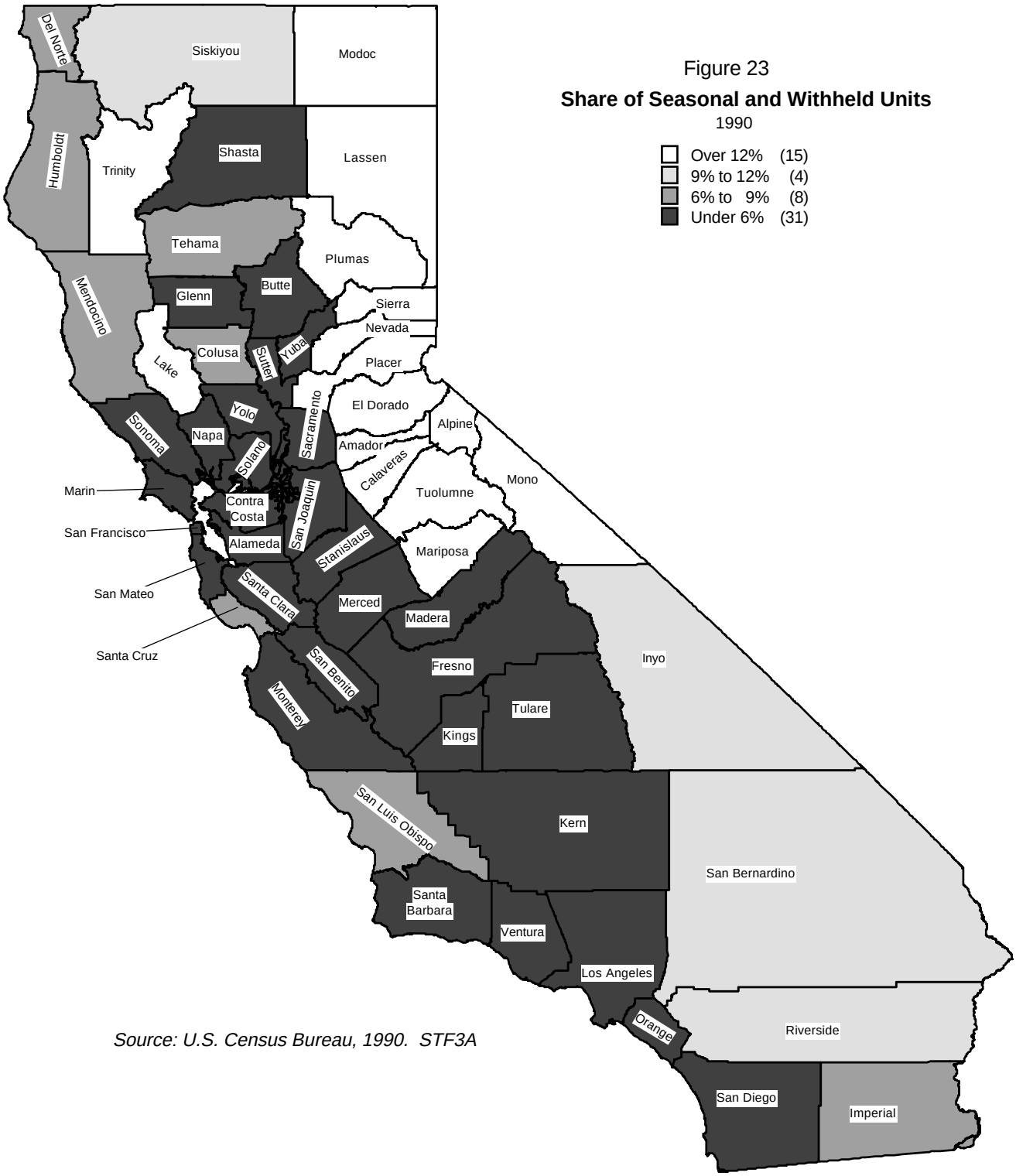
Once units withheld from the market are eliminated from the vacancy calculations, and vacant units are characterized by the tenure of prospective residents, underlying vacancy rates are generally significantly less. For instance, owner vacancies in 1990 averaged slightly under 2 percent in California (1.96 percent), generally considered a “reasonable” vacancy rate (see Figure 24). However, these rates varied significantly by region. In particular, rates were extremely low throughout the Northern California, Sacramento, Bay Area and Central Valley regions, while the ownership vacancy rate in the Greater Los Angeles Region was relatively high, driven particularly by high ownership vacancies in the Riverside/San Bernardino Area.

While the overall rental vacancy rate for the State was about 6 percent in 1990, rental vacancy rates also varied significantly (see Figure 25). Again, several regions in the State had relatively low rental vacancy rates, particularly counties in the Central Valley, Central Coast and the Bay Area, all with

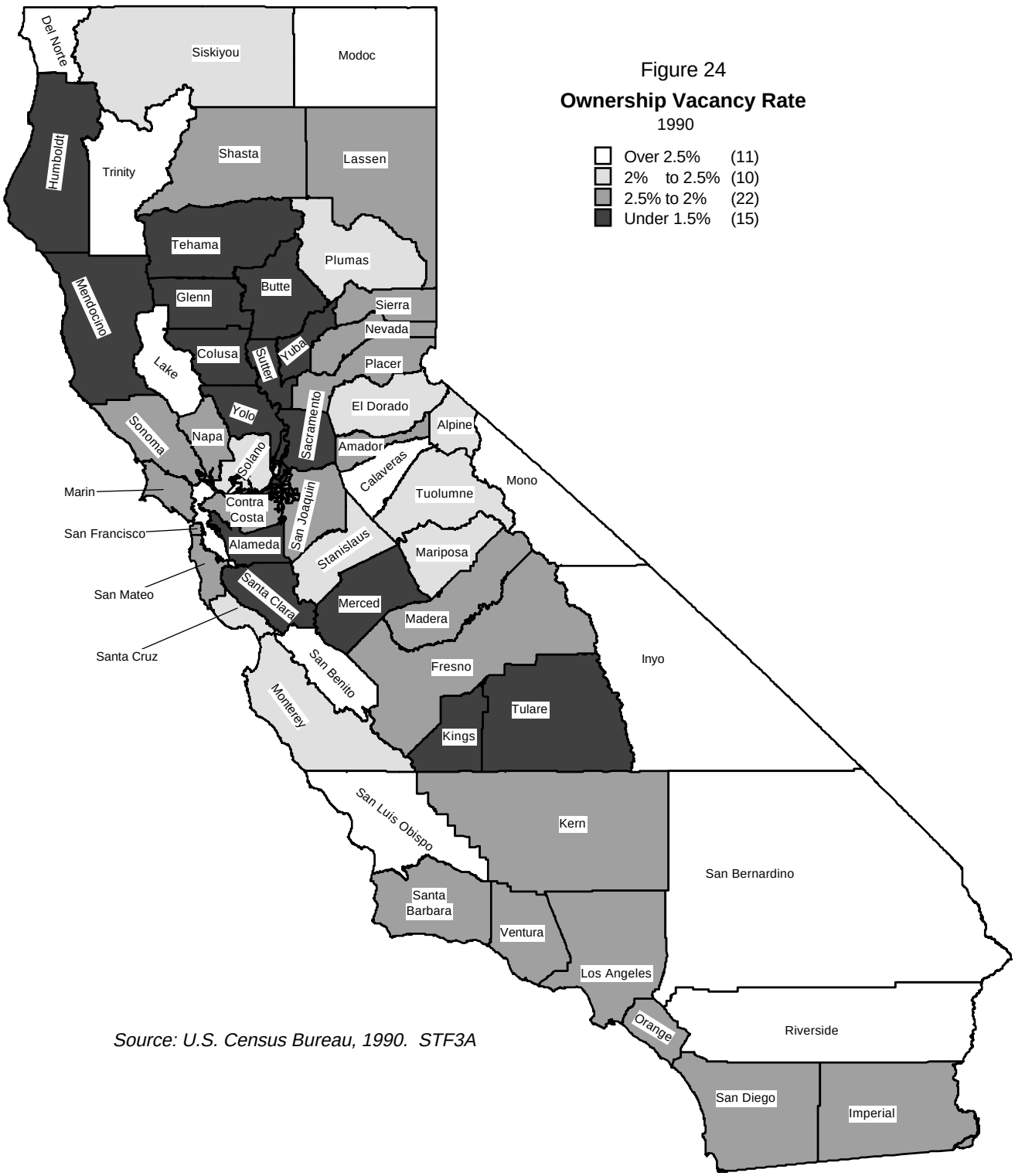
Figure 23

Share of Seasonal and Withheld Units

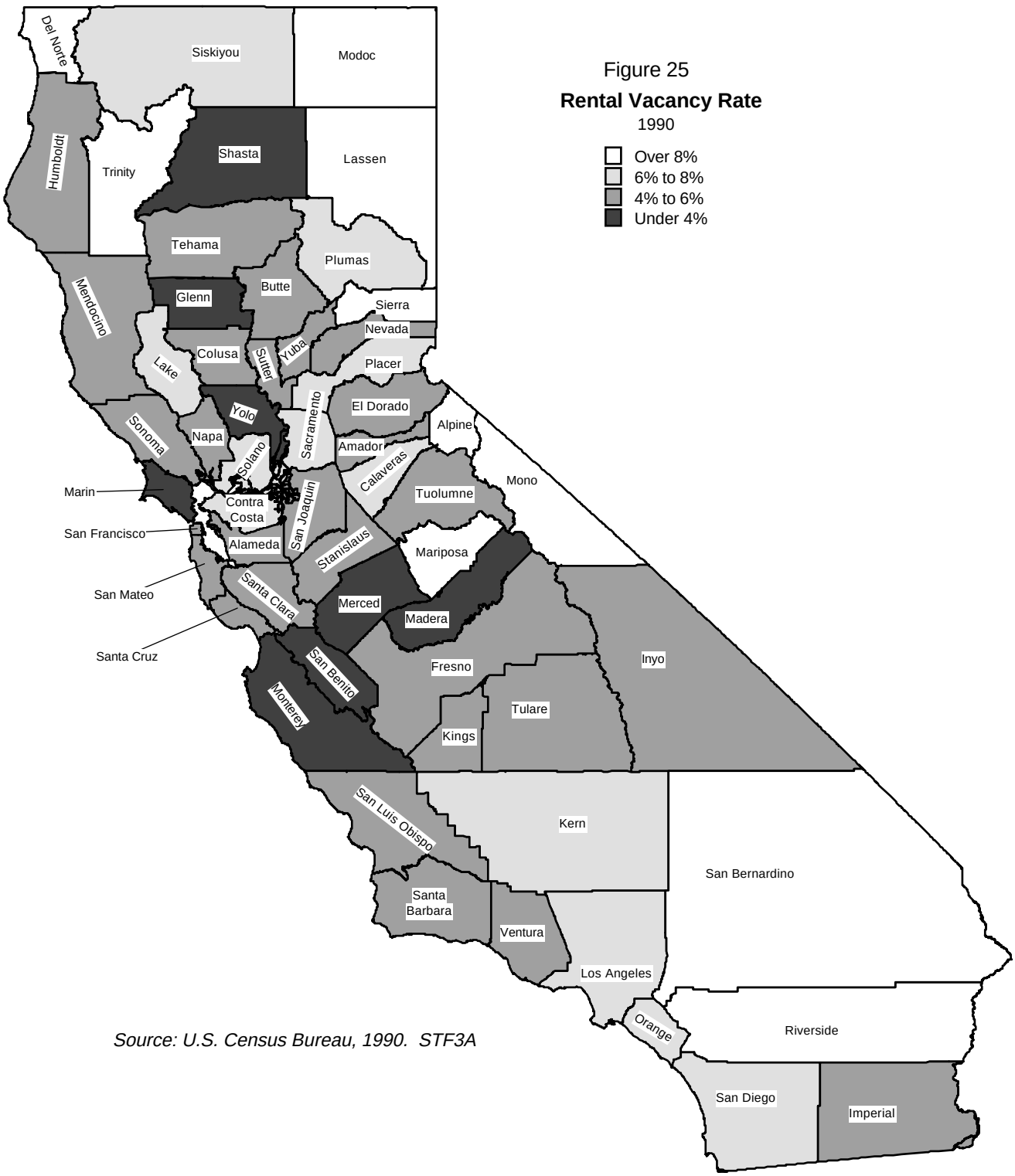
1990



Source: U.S. Census Bureau, 1990. STF3A



Source: U.S. Census Bureau, 1990. STF3A



Source: U.S. Census Bureau, 1990. STF3A

average vacancy rates below 6 percent. In the Bay Area Region, Santa Clara, San Mateo, Napa and Marin counties all experienced rental vacancy rates below 5 percent. In the Central Valley Region, Stockton-Lodi, Modesto, Merced and the Visalia-Tulare-Porterville areas experienced vacancies below 5 percent. In addition, vacancies were relatively low throughout the Central Coast and Northern California regions. However, in the Greater Los Angeles Region, overall rental vacancy rates were relatively high, particularly in the Riverside/San Bernardino Area, and to a lesser extent in Los Angeles and Orange counties. The Sacramento and the San Diego regions had average rental vacancies slightly over 6 percent, though both Sacramento and Placer counties had rental vacancies of about 7 percent. Finally, rental vacancies in the non-metropolitan regions of the State were relatively high, particularly in the Central-Southern California Region (averaging 12.5 percent rental vacancies), and to a lesser degree, the Northern California Non-metropolitan Region (although four counties had rental vacancy rates below statewide averages, vacancies in three counties were above 10 percent).

Thus, entering the decade, both owner and rental vacancy rates for the Bay Area and Northern California regions were consistently low, while the Greater Los Angeles Region generally experienced vacancy rates slightly above statewide rates. Central Valley Region rates were generally below State averages, while the Central Coast Region experienced higher ownership vacancies but rental vacancies below State average. In general the Northern California Non-metropolitan Region and Central Southern California regions had markets with rental vacancy rates significantly above the statewide average.

Post 1990 Vacancy Estimates

Information on overall vacancy levels is not consistently available for areas within California after the Census. Though estimates of rental vacancy rates are available for several metropolitan areas of the State (prepared by both public and private data sources), these data are divergent (see Table 15). The US Census Bureau (through the Housing Vacancy Survey) estimates that overall rental vacancy levels in California declined in the 1995 to 1997 period, though they continued to remain higher than 1990 levels.

Available evidence suggests that vacancy levels within metropolitan areas have declined since the turn of the decade.[9] Alternative sources consistently place estimates for the Bay Area Region housing market below 5 percent in 1997, with both San Francisco and San Jose rental vacancy rates well below 4 percent since 1995. In addition, the Sacramento market had a rental vacancy rate that was about 6 percent in 1997. Moreover, the rental vacancy estimate for the San Diego area declined since the middle of the decade, reaching 5 percent (or less) by 1997. In the Southern California region, rental vacancy levels in Los Angeles County have fallen below 1990 levels, reaching slightly over 6 percent in 1997. In Orange County, vacancy rates appear to have fallen since the mid-1990s to 1997, falling below 5 percent. In the San Bernardino/Riverside Area rental vacancies were consistently reported at 8 percent or more in 1997.

There is broad agreement on two points; rental vacancy rates are relatively low within the Bay Area and relatively higher in the Greater Los Angeles Region, particularly in the San Bernardino/Riverside Area. Most other metropolitan areas including San Diego and Sacramento fall between these two extremes.

Table 15

Estimated Rental Vacancy Rates for US, California and Key California Metropolitan Areas by Alternative Sources

1990 to 1997

	1990	1991	1992	1993	1994	1995	1996	1997
Merrill Lynch/RealFacts								
Los Angeles	10.1%	9.7%	9.4%	8.9%	7.2%	6.5%	6.4%	6.2%
San Bernardino-Riverside	7.9%	7.2%	6.9%	6.1%	5.6%	6.1%	6.8%	8.0%
Orange County	7.9%	7.2%	6.9%	6.1%	5.6%	5.9%	5.1%	4.7%
Oakland	4.3%	3.6%	4.6%	5.1%	4.9%	4.1%	3.5%	4.4%
San Francisco	6.2%	3.6%	3.6%	3.8%	3.2%	2.1%	2.6%	3.3%
San Jose	4.1%	3.4%	3.7%	3.8%	3.5%	1.5%	2.3%	3.5%
San Diego	9.3%	8.5%	8.0%	7.7%	5.9%	5.1%	5.1%	4.5%
Sacramento	8.0%	7.3%	6.9%	6.9%	7.4%	5.9%	6.1%	6.4%
US Census								
US Average	7.2%	7.4%	7.4%	7.3%	7.4%	7.6%	7.8%	7.7%
California	6.0%	6.2%	7.5%	8.2%	7.9%	8.5%	7.2%	6.5%
American Housing Survey								
Los Angeles						7.8%		
Anaheim					9.1%			
San Bernardino-Riverside					17.4%			
Oakland				9.5%				
San Francisco				6.0%				
San Jose				5.0%				
San Diego					11.7%			
Sacramento							10.2%	

SOURCE: US Census, STF3A; US Census Bureau, Housing Vacancy Survey, Annual Statistics, 1997
Merill Lynch, California Apartment Markets, 1997, American Housing Survey, various years.

Public information on Central Valley Region rental vacancies is generally not available for rental vacancy rates. Private data sources[10] report information on vacancy levels for investment grade rental projects in about half of counties in the State (see Table 16). These estimates are generally biased, in that they tend to reflect professionally managed properties where underlying occupancy rates will tend to only loosely reflect underlying vacancy dynamics in individual markets. For this reason, these estimates should not be taken to indicate marketwide vacancy rates, but they do offer insight into the relative condition of rental markets throughout these areas. Nonetheless, reported occupancy rates tend to confirm the presence of relatively low rental vacancies throughout the Bay Area, with progressively lower occupancy levels along the Central Coast, San Diego, Sacramento, the Greater Los Angeles regions, and finally the counties within the Central Valley Region, respectively.

Residential Construction vs. Household Growth

To gauge the vitality of housing markets throughout the State, the relative balance between housing construction (excluding new manufactured home sales) and household change in individual counties can be assessed. Since the relative balance between household and unit growth influences housing markets, these estimates are indicative of the changing balance within individual housing markets, though it is necessary to adjust this analysis to account for relative vacancy levels for these markets at the beginning of the decade. Statewide, the underlying ratio of household growth to total building permits from 1990 to 1997 was .83 (see Figure 26) – in other words, for every 100 households that were attracted to the area, there were only 83 housing permits. These estimates do not include manufactured home placements, thus underestimating total housing activity (particularly for areas with high manufactured home placements). Manufactured homes account for an additional 7 units per 100 households statewide during this same period.

Variations in this underlying ratio give an indication of the relative balance of housing supply and demand in individual counties in the State. Figure 26 illustrates four alternative conditions for counties – low vacancy levels entering the decade with relatively low or high permits in relation to household growth during the current decade, and relatively high vacancy levels entering the decade with alternative permit levels in relation to household growth during the current decade.

- Those counties on the bottom left-hand side of the Figure (low entering vacancy levels and relatively low permits in relation to households) reflect those locations with potentially the "tightest" housing markets. Thus, based on this assessment, overall market conditions in Orange, Ventura and Los Angeles counties in the Greater Los Angeles Region, San Diego, San Mateo, Alameda and Contra Costa counties in the Bay Area, Sutter, San Benito and Stanislaus counties all are projected to have reduced overall vacancy levels during the decade. To a lesser degree, Santa Clara, Butte, and Santa Barbara counties continue to have relatively tight housing markets.

- Those areas in the upper left quadrant of the Figure had relatively low overall vacancy, but had permit activities that, to varying degrees, were adequate to respond to household growth.

Table 16

Average Vacancy Rates for Institutional Apartment Complexes

Various Counties, 1990 to 1997

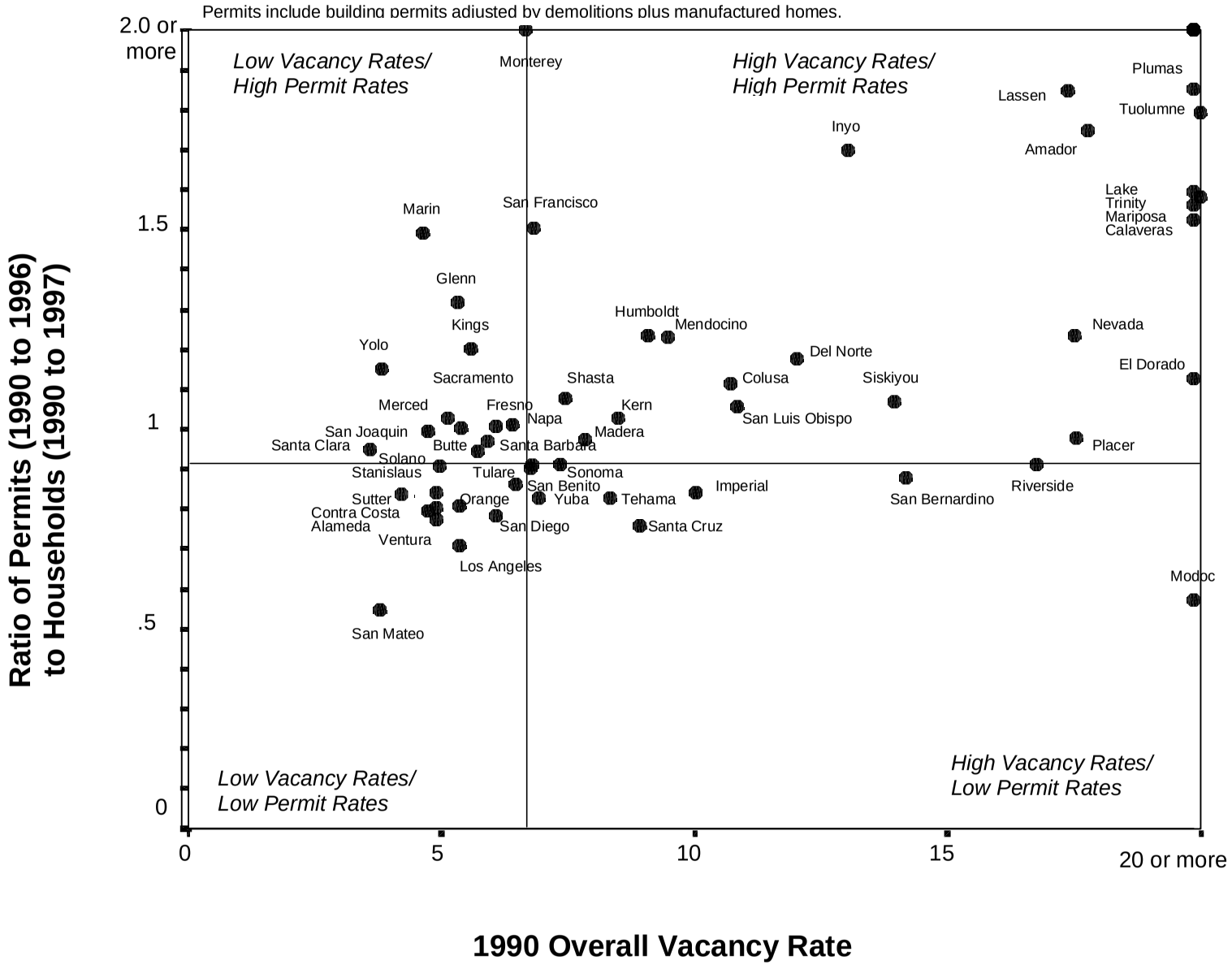
	Average Vacancy Rate for Reported Apartment Complexes							Data Included in Estimate		
County	*1990*	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*Total Projects*	*Total Units*	*Minimum Size*
Alameda	3.9%	3.4%	3.9%	4.6%	4.7%	3.5%	3.0%	326	42,482	40+
Santa Clara	3.9%	3.4%	3.7%	3.8%	3.5%	1.5%	2.3%	457	67,335	40+
Marin	4.5%	3.5%	3.1%	3.8%	2.6%	2.6%	4.5%	379	5,576	40+
San Fransisco	8.1%	5.7%	5.5%	4.5%	3.9%	2.4%	2.4%	33	13,903	40+
Napa	4.8%	3.5%	3.5%	4.5%	4.0%	0.8%	2.7%	11	1,329	40+
Ventura	na	na	na	na	3.1%	4.5%	3.9%	64	14,027	100+
San Mateo	2.5%	2.7%	3.1%	3.5%	3.1%	2.0%	2.0%	124	20,267	40+
Contra Costa	4.3%	3.9%	4.5%	5.2%	5.3%	5.1%	4.3%	201	29,182	75+
Santa Barbara	na	na	na	na	na	na	2.3%	26	4,225	100+
Sonoma	7.9%	5.1%	3.3%	4.3%	4.9%	3.1%	2.9%	47	7,034	40+
Monterey	na	na	na	9.3%	8.7%	3.1%	4.3%	23	3,241	40+
Placer	na	na	6.9%	3.7%	4.5%	3.2%	4.8%	18	3,645	75+
Orange	na	na	7.4%	6.1%	5.8%	5.9%	5.1%	460	106,545	100+
Yolo	na	na	na	10.0%	15.5%	4.9%	4.7%	20	2,639	75+
Los Angeles	na	na	7.1%	6.9%	7.1%	6.5%	6.4%	379	87,350	100+
San Diego	na	na	na	na	6.1%	5.1%	5.1%	413	85,493	100+
San Joaquin	na	na	na	7.2%	6.1%	5.6%	5.4%	37	6,420	75+
Sacramento	na	na	6.9%	7.0%	7.2%	6.0%	6.4%	247	48,726	75+
San Bernardino	na	na	7.3%	6.5%	5.7%	5.2%	6.9%	133	31,707	100+
Stanislaus	na	na	na	8.0%	7.4%	5.3%	6.0%	41	6,685	75+
Riverside	na	na	8.4%	7.8%	7.4%	6.5%	6.6%	105	23,583	100+
Solano	6.8%	6.1%	4.1%	5.1%	5.8%	5.0%	6.2%	63	9,147	40+
Fresno	na	na	na	7.6%	6.9%	8.4%	8.3%	35	5,856	75+
Merced	na	na	na	8.3%	7.7%	8.6%	12.7%	12	1,522	75+
Santa Cruz	na	na	na	3.9%	na	na	na	10	1,178	40+

Source: RealFacts, 1998.

Figure 26

Comparison of Building Permits with Total Vacancy Rate

California Counties, 1990 - 1997



Source: US Census, Building Permit and Demolitions; California Department of Finance

- Those counties on the right hand side of the figure had relatively high overall vacancies entering the decade. For those areas in the upper right-hand quadrant, overall market conditions should be "looser," since the number of permits is generally more than adequate to accommodate new household growth.

- Finally, for those areas in the bottom right-hand corner of the Figure, the overall vacancy rate was high at the beginning of the decade, and it is not clear how much underlying vacancy levels tightened (since permit levels were not sufficient to produce enough units to meet the household growth during the decade).

In general, this analysis indicates a relative tightening of the housing markets through much of the Bay Area, increasing tightness in the Los Angeles and San Diego areas, as well as the portions of the Central Valley Region. Non-metropolitan areas within the State continue to have high overall vacancy levels. The Sacramento and Central Valley regions generally lie somewhere between these extremes, tending to more closely approximate overall statewide response during the decade. If the ratio of household change to building permits is compared to population change, results generally remain consistent with the prior analysis (see Figure 27).

Two important factors could impact this analysis. This analysis does not account for the correspondence of housing structure type with the needs of households. The underlying demand for multifamily vs. single-family units is influenced by demographic, income and dominant housing characteristics within individual counties, outside the scope of this analysis. However, by comparing the relative concentration of multifamily housing in 1990 to overall permit activities, it is possible to assess the relative nature of permit activity in relation to existing patterns in individual counties (see Figure 28).

- Those areas below the line of equality experienced lower levels of multifamily activities during the decade.

- Those areas above this line had relatively greater concentration of multifamily construction during the decade.

Throughout much of the State, multifamily activities have been significantly below that implied by the underlying composition within counties at the beginning of the decade.

Available evidence on vacancy levels is in broad agreement with other indicators of market conditions within the State – all revealing a relatively tight Bay Area housing market, tightening housing market conditions in the Greater Los Angeles and San Diego regions' markets, and relatively high vacancy rates that persist throughout most of the Central Valley, Northern California regions. In addition, they point to generally high vacancy rates throughout the non-metropolitan areas of the State.

Price Movements for Ownership Housing

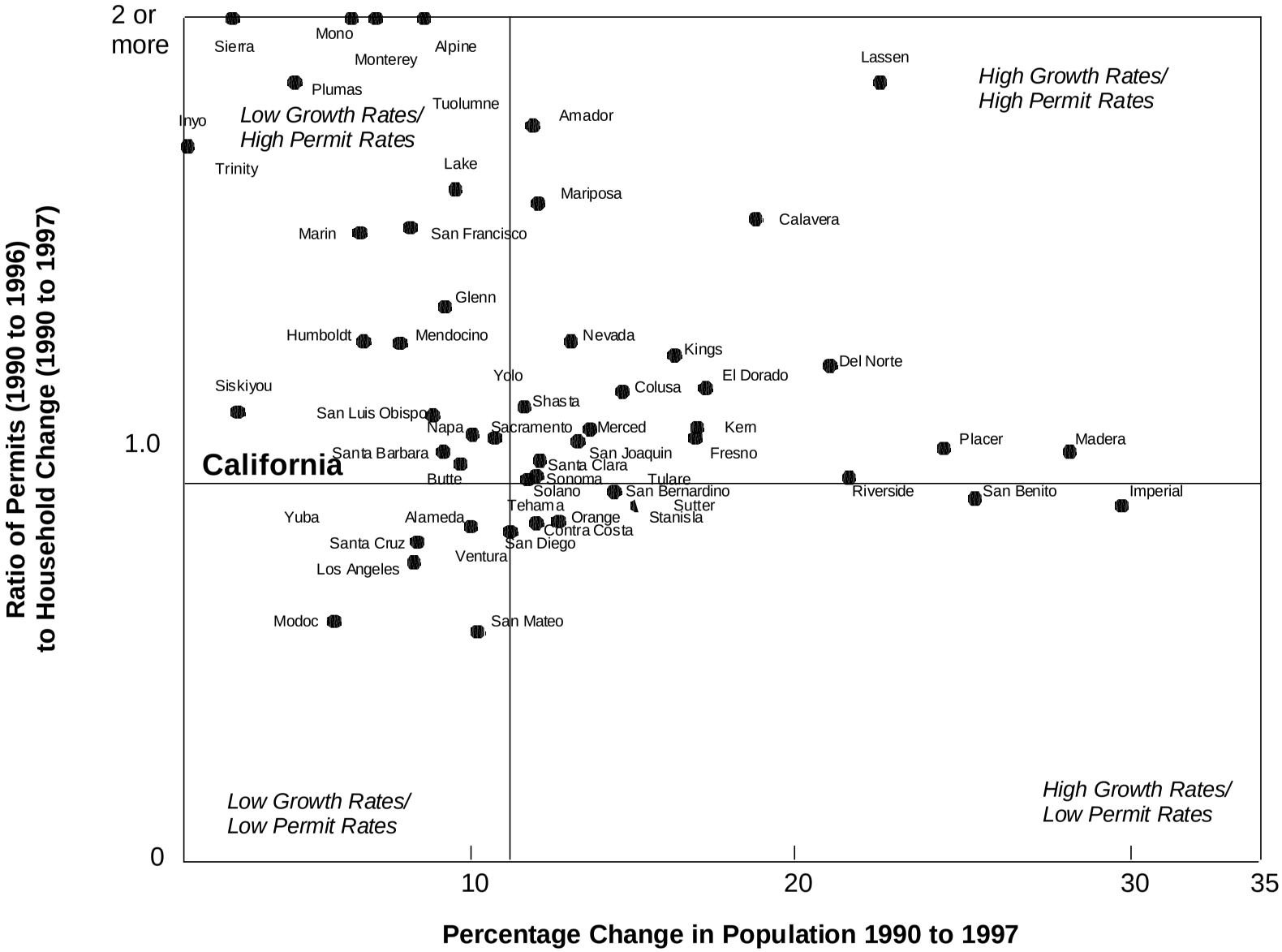
Housing prices within the State have been influenced by economic conditions in the State.[11] Overall, median nominal new home prices rose about 7 percent through the decade, rising from about $182,000 at the turn of the decade to nearly $220,000 by November, 1997 (see Figure 29). In contrast, median sales prices for existing homes declined by about 1.6 percent during the January 1990 to November 1997 period ($188,000 and $183,000 respectively).

Figure 27

Population vs. Permit Activities

In California Counties (1990 to 1997)

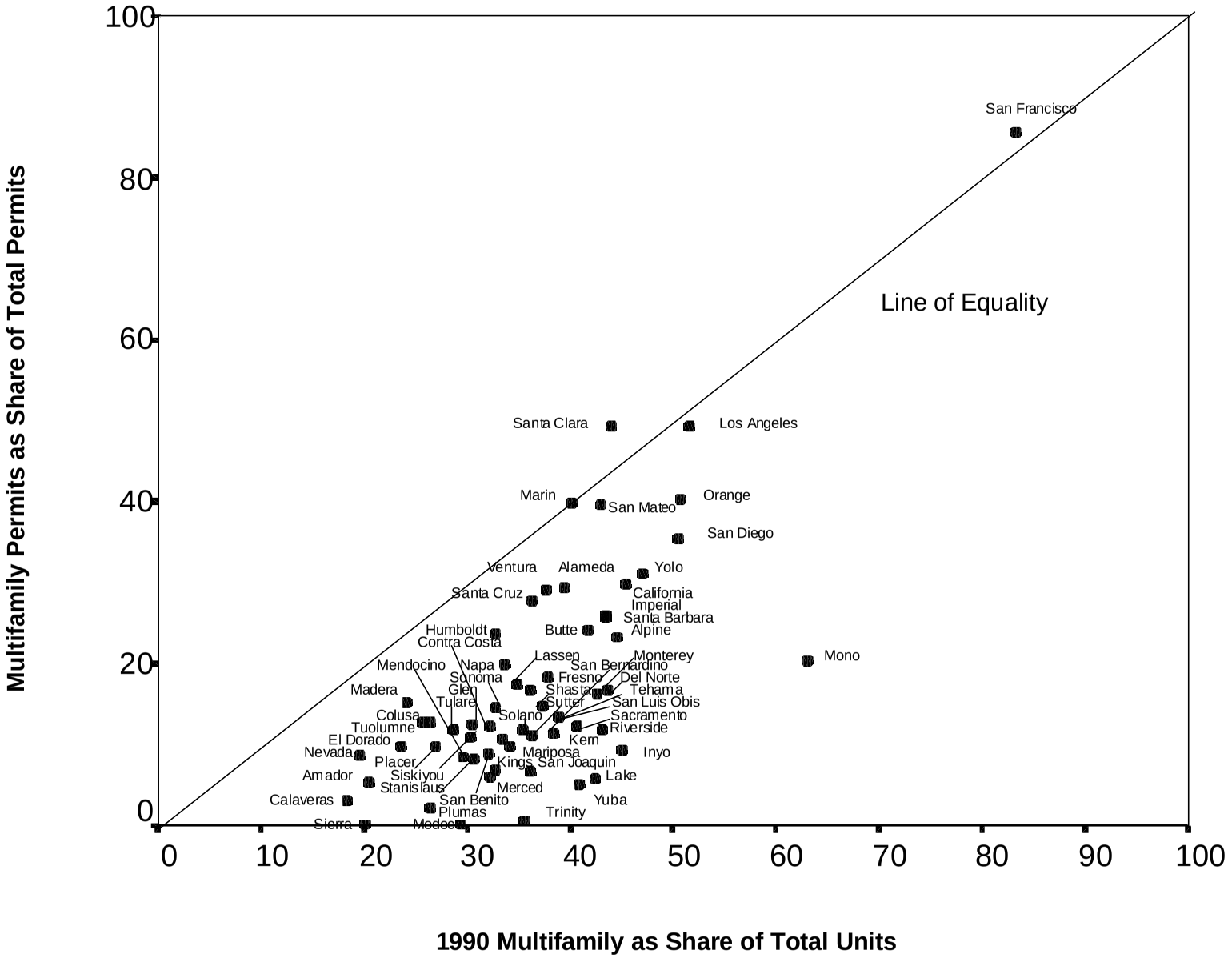
Permits include Building Permits adjusted by demolitions plus manufactured homes.



Source: U.S. Census, Building Permits; California Department of Finance

Figure 28

Multifamily Permit Activity as Share of Total Permit Activity (1990 to 1996)
vs. 1990 Multifamily as Share of Total Units

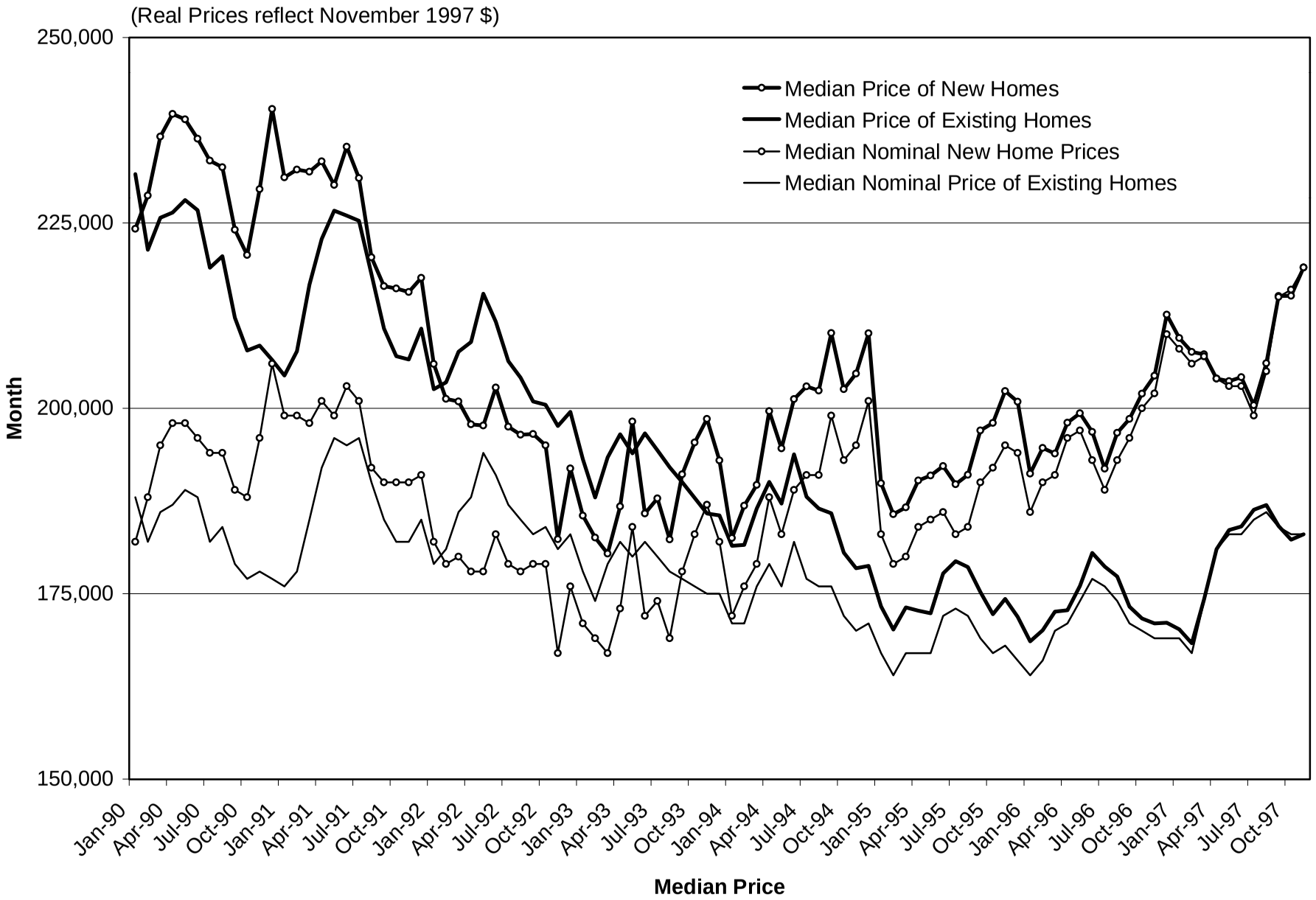


Source: 1990 U.S. Census, SFT3a; Building Permit Activities.

Figure 29

Median Real New And Existing Home Prices in California

1990 to 1997



NOTE: Home Prices Adjusted by CPI for Urban Wage and Clerical Workers, Less Shelter for Los Angeles (1982-1984=100), adjusted to November 1997.
Source: DataQuik

However, these averages mask variation within the decade. Throughout the early part of the decade, prices for both new and existing home resale prices were depressed, down by nearly 3 percent through 1993. Since 1993, existing home prices have recovered lost ground, while new home prices have increased significantly. Further, while the number of existing home sales has returned to 1990 levels by the end of 1997, new home sales remain about 26 percent less than 1990 levels (although it appears that recent home sales appear to have picked up significantly in the 1998 period).

The level of sales activities in individual counties within the State varied significantly between 1990 and 1997 activity (see Table 17 and Table 18).

- New home sales in 1997 throughout most of the Greater Los Angeles Region remained between 35 and 45 percent of 1990 levels (except in Ventura County, where new home sales increased by about 68 percent), while existing home sales were also down by between 6 and 17 percent (except in Orange and Ventura counties, where the number of transactions increased by about 10 percent).

- In the Bay Area Region, sale transactions for both new and existing homes rose through much of the Region, though outlying areas (particularly Sonoma, Solano and Napa counties) lagged significantly.

- In the Sacramento Region, transactions for existing housing at the end of 1997 remained far below 1990 levels, while transactions for new homes increased in outlying areas (although from a small base in 1990).

- In the Central Valley Region, only Kern and San Joaquin had returned to 1990 new home sales levels by late 1997, though existing home sales remained uniformly below 1990 levels throughout the Central Valley. Finally, in San Diego County, 1997 sales activities (both new homes and resales of existing homes) were about 10 percent under 1990 levels.

While overall nominal prices in the State were relatively stagnant within the State, the relative health of local markets varied. Thus, while the number of transactions in the Greater Los Angeles Region remained below 1990 levels, nominal prices for new construction increased in both Orange and Los Angeles counties between 1990 and 1997 (1.7 and 9.6 percent respectively). All other areas experienced a decline in nominal prices for existing homes. New home prices in the Region were uniformly below 1990 levels. Further, when prices are adjusted for inflation, real prices for existing and new homes remained between 10 and 30 percent below 1990 levels. However, the Greater Los Angeles Region was not alone in this decline – with two exceptions, real prices declined throughout the State in the 1990 to 1997 period (these exceptions include new home prices in both San Francisco and Fresno counties).

During 1997, real prices rose through much of the State (see Table 19 and Table 20). Overall, the inflation-adjusted median prices for new homes and resales in the State increased by 4.2 and 5.1 percent respectively. In particular, prices rose significantly throughout most of the Bay Area – in Santa Clara, San Mateo and San Francisco counties, after adjusting for inflation, median existing home prices rose by 10, 7.3 and 7.5 percent, respectively. New home prices in San Francisco and San Mateo rose to the greatest extent in the State (42.1 and 19.6 percent respectively), though only four counties in the Region experienced a decline in real prices for new homes and only Solano County experienced a decline in resale prices. Similarly, in the Greater Los Angeles Region, median

Table 17

Annual Resale Transactions in Selected California Counties

1990 to 1997

	1990	1991	1992	1993	1994	1995	1996	1997	1990 to 1993	1994 to 1997	1996 to 1997	1990 to 1997
Los Angeles	68,362	55,482	51,107	55,995	64,106	59,210	64,859	63,770	-18.1	-0.5	-1.7	-6.7
Orange County	22,459	18,330	17,605	21,247	23,965	19,759	23,740	24,896	-5.4	3.9	4.9	10.9
Riverside	20,367	10,851	10,690	12,318	14,990	14,678	17,441	16,855	-39.5	12.4	-3.4	-17.2
San Bernardino	21,560	15,313	14,656	15,658	16,090	16,471	18,924	18,448	-27.4	14.7	-2.5	-14.4
Ventura	6,307	5,955	6,284	7,092	7,247	6,215	6,679	6,912	12.4	-4.6	3.5	9.6
San Francisco	2,991	3,203	3,445	3,185	3,469	3,090	3,687	3,694	6.5	6.5	0.2	23.5
Marin	3,205	3,075	2,955	2,755	2,742	2,305	2,738	3,198	-14.0	16.6	16.8	-0.2
San Mateo	5,039	5,307	5,947	5,627	6,105	4,980	6,556	6,397	11.7	4.8	-2.4	26.9
Alameda	10,419	10,416	11,135	10,155	10,988	9,582	11,093	11,650	-2.5	6.0	5.0	11.8
Contra Costa	8,486	8,624	9,676	9,153	9,792	8,607	9,811	10,630	7.9	8.6	8.3	25.3
Santa Clara	11,953	12,691	12,727	12,287	13,741	12,390	14,848	14,254	2.8	3.7	-4.0	19.3
Sonoma	5,529	4,562	4,861	4,700	4,748	4,121	4,804	5,033	-15.0	6.0	4.8	-9.0
Solano	5,470	4,022	4,220	4,198	4,148	3,303	3,867	3,900	-23.3	-6.0	0.9	-28.7
Napa	1,265	869	937	860	873	784	876	1,009	-32.0	15.6	15.2	-20.2
Sacramento	17,049	10,691	10,910	11,502	10,908	9,606	11,557	12,407	-32.5	13.7	7.4	-27.2
El Dorado	2,543	1,843	1,796	1,780	1,863	1,584	1,812	1,744	-30.0	-6.4	-3.8	-31.4
Placer	4,015	2,639	3,054	3,320	2,994	2,630	3,034	3,081	-17.3	2.9	1.5	-23.3
Fresno	7,884	6,917	7,102	7,209	6,071	5,322	5,463	5,117	-8.6	-15.7	-6.3	-35.1
Madera	885	685	862	915	845	744	812	799	3.4	-5.4	-1.6	-9.7
Kern	5,520	5,031	5,136	5,876	5,497	5,239	5,856	5,169	6.4	-6.0	-11.7	-6.4
San Joaquin	5,050	4,182	4,094	4,441	3,992	3,472	4,010	3,872	-12.1	-3.0	-3.4	-23.3
Stanislaus	4,049	3,081	3,490	4,009	3,640	3,256	3,716	3,340	-1.0	-8.2	-10.1	-17.5
San Diego	24,437	18,101	18,789	21,493	21,363	18,006	21,403	22,097	-12.0	3.4	3.2	-9.6
Statewide	264,844	211,870	211,478	225,775	240,177	215,352	254,569	269,768	-14.8	12.3	6.0	1.9

Source: DataQuik,1998

Table 18

New Construction Transactions in Selected California Counties

1990 to 1997

	Total Annual Sales of New Construction								Change in Purchase Activities			
	1990	1991	1992	1993	1994	1995	1996	1997	1990 to 1993	1994 to 1997	1996 to 1997	1990 to 1997
Los Angeles	7,846	8,892	6,395	3,520	5,044	4,398	4,757	4,712	-36%	-7%	-1%	-40%
Orange County	8,078	6,257	4,599	4,033	6,723	6,069	6,473	5,289	-17%	-21%	-18%	-35%
Riverside	9,659	5,014	5,054	3,479	5,741	4,738	5,853	5,388	-41%	-6%	-8%	-44%
San Bernardino	5,290	5,701	4,284	2,809	4,112	3,161	3,381	3,241	-22%	-21%	-4%	-39%
Ventura	1,105	1,228	945	847	1,705	1,582	2,048	1,860	54%	9%	-9%	68%
San Francisco	338	394	386	223	294	246	418	383	-13%	30%	-8%	13%
Marin	150	137	40	44	64	44	88	154	-57%	141%	75%	3%
San Mateo	379	288	190	203	288	577	695	759	-24%	164%	9%	100%
Alameda	2,302	2,192	1,198	887	1,816	1,764	2,440	3,213	-21%	77%	32%	40%
Contra Costa	3,425	3,048	2,376	1,816	3,112	2,836	3,193	2,775	-9%	-11%	-13%	-19%
Santa Clara	1,592	1,645	1,367	1,261	2,236	1,910	2,880	3,268	40%	46%	13%	105%
Sonoma	1,717	1,197	761	540	1,169	827	679	751	-32%	-36%	11%	-56%
Solano	2,152	1,325	959	666	1,364	1,045	1,072	1,050	-37%	-23%	-2%	-51%
Napa	311	265	198	97	150	193	245	122	-52%	-18%	-50%	-61%
Sacramento	8,102	3,906	3,476	2,707	2,135	2,502	2,923	2,908	-74%	36%	-1%	-64%
El Dorado	138	148	182	99	89	186	316	403	-36%	353%	28%	192%
Placer	1,185	824	656	606	700	1,301	1,755	2,078	-41%	197%	18%	75%
Fresno	2,007	1,653	1,853	1,817	615	1,221	1,014	1,449	-69%	136%	43%	-28%
Madera	145	155	82	35	48	81	92	89	-67%	85%	-3%	-39%
Kern	831	662	1,038	838	666	1,230	1,630	1,228	-20%	84%	-25%	48%
San Joaquin	1,235	1,388	965	697	651	1,184	1,548	1,419	-47%	118%	-8%	15%
Stanislaus	2,018	1,776	1,540	623	618	758	935	726	-69%	17%	-22%	-64%
San Diego	6,383	5,091	5,123	3,761	5,505	4,590	5,512	5,704	-14%	4%	3%	-11%
Statewide	72,155	57,805	47,458	34,351	48,738	46,127	54,287	53,079	-32%	9%	-2%	-26%

Source: DataQuik, 1998

Table 19

Average Annual Resale Prices for Selected Counties in California

1990 to 1997

(All values expressed in November, 1997 $)	Average Inflation Adjusted Price[1]								Inflation Adjusted Changes in Price[1]				Nominal Changes in Price			
	1990	1991	1992	1993	1994	1995	1996	1997	1990 to 1993	1994 to 1997	1996 to 1997	1990 to 1997	1990 to 1993	1994 to 1997	1996 to 1997	1990 to 1997
Los Angeles	241,159	232,684	216,099	196,678	184,242	171,101	167,993	172,810	-18.4	-6.2	2.9	-28.3	-8.9	-1.0	4.2	-14.2
Orange County	281,545	263,695	247,385	231,291	220,719	207,703	205,015	213,401	-17.8	-3.3	4.1	-24.2	-8.3	2.0	5.4	-9.3
Riverside	159,438	151,190	144,677	139,939	133,698	125,836	123,014	124,882	-12.2	-6.6	1.5	-21.7	-1.9	-1.5	2.8	-6.1
San Bernardino	150,213	148,737	142,659	137,699	131,808	123,504	119,622	119,632	-8.3	-9.2	0.0	-20.4	2.3	-4.3	1.3	-4.7
Ventura	275,556	251,686	234,535	219,542	207,110	199,242	199,575	210,326	-20.3	1.6	5.4	-23.7	-11.1	7.2	6.7	-8.6
San Francisco	335,995	320,017	300,239	282,169	281,944	271,291	274,944	295,486	-16.0	4.8	7.5	-12.1	-7.4	11.2	9.5	4.2
Marin	395,019	350,013	339,318	333,935	346,430	349,361	339,494	356,965	-15.5	3.0	5.1	-9.6	-6.6	9.3	7.0	7.2
San Mateo	350,948	339,158	318,493	301,650	308,818	299,217	305,083	327,465	-14.0	6.0	7.3	-6.7	-5.2	12.5	9.3	10.6
Alameda	280,399	247,582	234,327	222,577	215,860	208,538	211,697	221,344	-20.6	2.5	4.6	-21.1	-12.4	8.8	6.5	-6.4
Contra Costa	265,862	248,434	245,884	230,423	227,548	213,739	211,550	220,138	-13.3	-3.3	4.1	-17.2	-4.2	2.7	6.0	-1.7
Santa Clara	309,200	292,496	277,305	266,395	262,803	261,612	270,391	299,140	-13.8	13.8	10.6	-3.3	-4.9	20.8	12.6	14.7
Sonoma	235,388	217,013	208,165	207,132	201,962	197,665	195,080	202,020	-12.0	0.0	3.6	-14.2	-2.8	6.2	5.5	1.8
Solano	175,121	169,921	166,736	162,228	158,975	150,701	144,099	141,823	-7.4	-10.8	-1.6	-19.0	2.3	-5.3	0.2	-3.9
Napa	248,623	204,073	200,935	191,121	189,319	177,514	172,628	182,035	-23.1	-3.8	5.4	-26.8	-15.0	2.1	7.5	-13.0
Sacramento	154,063	151,943	146,596	137,302	126,673	117,521	112,822	110,403	-10.9	-12.8	-2.1	-28.3	-0.4	-8.0	-0.9	-14.2
El Dorado	160,005	165,662	162,071	156,919	153,929	142,560	141,548	147,952	-1.9	-3.9	4.5	-7.5	9.6	1.5	5.8	10.7
Placer	198,766	194,662	185,444	177,402	170,396	164,149	162,025	166,203	-10.7	-2.5	2.6	-16.4	-0.2	2.9	3.8	0.2
Fresno	99,348	101,726	107,977	101,239	94,865	90,616	88,565	86,909	1.9	-8.4	-1.9	-12.5	13.4	-3.3	-0.7	4.4
Madera	101,555	105,370	117,962	103,629	103,073	98,343	96,825	97,356	2.0	-5.5	0.5	-4.1	13.6	-0.3	1.8	14.5
Kern	100,377	102,319	104,249	94,343	87,747	83,414	81,711	80,659	-6.0	-8.1	-1.3	-19.6	4.8	-3.0	-0.1	-4.0
San Joaquin	148,051	147,512	146,372	137,166	127,501	119,998	116,425	118,081	-7.4	-7.4	1.4	-20.2	3.3	-2.2	2.7	-4.6
Stanislaus	136,598	133,038	128,775	119,311	112,632	106,648	102,612	101,070	-12.7	-10.3	-1.5	-26.0	-2.4	-5.3	-0.3	-11.4
San Diego	215,561	207,420	196,172	188,389	182,422	173,230	173,117	179,545	-12.6	-1.6	3.7	-16.7	-2.3	3.9	5.0	-0.2
Statewide	220,482	216,735	205,125	191,475	185,484	174,538	173,948	181,258	-13.2	-2.3	4.2	-17.8	-3.0	3.1	5.5	-1.6

Note: 1. Annual Averages based on weighted average of median prices on a monthly basis in each area.
Prices adjusted based on CPI for Urban Wage Earners and Clerical Workers, Los Angeles and San Francisco Areas (1982-84=100), adjusted to November, 1997 $.

Source: DataQuik, 1998

Table 20

Average Annual New Construction Prices in Selected California Counties

1990 to 1997

(All values expressed in November, 1997 $)	Average Inflation Adjusted Prices[1]								Inflation Adjusted Price Changes[1]				Nominal Price Changes			
	1990	1991	1992	1993	1994	1995	1996	1997	1990 to 1993	1994 to 1997	1996 to 1997	1990 to 1997	1990 to 1993	1994 to 1997	1996 to 1997	1990 to 1997
Los Angeles	250,114	220,379	184,444	172,377	175,900	185,854	211,836	228,162	-31.1	29.7	7.7	-8.8	-20.6	38.1	9.3	9.6
Orange County	284,358	279,163	253,320	248,792	229,807	229,774	229,042	240,890	-12.5	4.8	5.2	-15.3	-0.5	2.2	6.3	1.7
Riverside	192,171	182,639	158,499	147,501	150,183	144,518	149,849	152,755	-23.2	1.7	1.9	-20.5	-13.0	9.4	3.1	-4.8
San Bernardino	193,336	201,992	169,917	155,683	153,636	147,246	148,469	157,921	-19.5	2.8	6.4	-18.3	-9.4	8.6	7.5	-1.6
Ventura	340,320	307,491	281,087	250,116	266,570	246,857	243,337	251,186	-26.5	-5.8	3.2	-26.2	-17.2	6.9	3.6	-11.4
San Francisco	263,624	254,828	278,063	302,665	243,653	258,242	210,023	298,484	14.8	22.5	42.1	13.2	25.4	5.4	46.1	32.3
Marin	490,546	453,186	389,722	438,554	450,013	395,944	508,370	406,463	-10.6	-9.7	-20.0	-17.1	-7.7	1.2	-17.2	-6.6
San Mateo	383,019	366,619	324,200	319,271	266,186	333,871	286,648	342,966	-16.6	28.8	19.6	-10.5	-0.7	7.6	21.2	6.9
Alameda	327,818	317,338	291,815	288,730	306,718	293,260	295,230	291,131	-11.9	-5.1	-1.4	-11.2	-1.7	5.1	-1.0	3.3
Contra Costa	258,068	238,306	220,352	218,149	222,390	209,982	216,103	219,756	-15.5	-1.2	1.7	-14.8	-5.4	6.5	2.7	0.8
Santa Clara	360,475	325,239	287,723	280,797	297,876	303,246	319,954	331,039	-22.1	11.1	3.5	-8.2	-11.0	23.0	4.6	9.4
Sonoma	227,470	227,416	230,628	209,999	236,627	194,053	194,423	218,048	-7.7	-7.9	12.2	-4.1	1.3	10.1	11.6	11.5
Solano	229,123	239,099	212,178	178,977	204,506	175,156	176,951	176,464	-21.9	-13.7	-0.3	-23.0	-12.4	4.3	1.8	-8.6
Napa	373,191	264,418	243,254	215,029	210,029	224,910	231,285	227,405	-42.4	8.3	-1.7	-39.1	-34.9	15.6	1.2	-24.8
Sacramento	186,832	184,814	165,093	150,936	151,681	146,943	143,626	146,666	-19.2	-3.3	2.1	-21.5	-8.0	2.5	3.4	-5.7
El Dorado	243,076	266,503	228,028	229,844	225,817	198,540	208,681	218,422	-5.4	-3.3	4.7	-10.1	9.8	0.6	4.0	10.4
Placer	226,487	219,534	196,852	176,960	177,762	184,524	187,861	192,103	-21.9	8.1	2.3	-15.2	-12.4	17.5	3.4	3.0
Fresno	120,216	134,080	135,559	134,842	124,750	122,645	128,099	123,339	12.2	-1.1	-3.7	2.6	23.8	-0.6	-2.5	23.1
Madera	116,900	116,031	118,685	135,085	129,104	104,484	100,596	103,226	15.6	-20.0	2.6	-11.7	14.7	-7.1	3.6	6.6
Kern	132,758	135,481	121,857	119,288	112,590	113,811	106,922	103,869	-10.1	-7.7	-2.9	-21.8	3.9	-9.9	-1.0	-6.4
San Joaquin	207,124	201,856	188,163	143,419	169,206	146,198	145,621	153,084	-30.8	-9.5	5.1	-26.1	-21.5	12.4	6.1	-11.8
Stanislaus	167,843	150,436	135,521	129,618	136,134	122,630	118,810	122,086	-22.8	-10.3	2.8	-27.3	-12.5	-0.7	3.9	-13.1
San Diego	265,624	240,168	220,158	208,999	209,603	203,491	204,754	209,544	-21.3	0.0	2.3	-21.1	-9.7	3.9	2.5	-6.1
Statewide	232,146	226,139	197,403	201,726	189,190	193,107	198,532	208,570	-13.1	10.2	5.1	-10.2	-2.8	10.3	5.9	7.1

Note: 1. Annual Averages based on weighted average of median prices on a monthly basis in each area.
Prices adjusted based on CPI for Urban Wage Earners and Clerical Workers, Los Angeles and San Francisco Areas (1982-84=100), adjusted to November, 1997 $.

Source: DataQuik, 1998

home prices, adjusted for inflation, increased throughout the Region, with strong increases, particularly for new home prices. In San Diego, prices rose more modestly, though median prices for both new and existing homes increased by between 2 and 4 percent during the year. In the Sacramento Region, price movements were similar. However, the Central Valley Region had divergent experiences – in Madera and San Joaquin, prices for both new and existing homes rose modestly, while Stanislaus, Kern and Fresno counties generally experienced slight declines in median new and existing home prices (although Stanislaus County resale price averages did rise modestly during the past year).

In summary, while inflation-adjusted home prices throughout the State remained below 1990 levels, prices rose in the 1993 to 1997 period, and through most of the Bay Area, Los Angeles, Sacramento and San Diego prices rose in 1997. In the Bay Area, there has been a longer-term trend of rising prices. However, while new prices in Los Angeles rose between 1993 and 1997, sales prices for existing homes were weaker. In both the Central Valley and Sacramento, home prices lagged during the second half of the decade, though in many areas, upward pressure on prices was evident, though not uniformly through the regions.

Rental Price Movements

There is no denying that rents in California are high; in 1990, two states had median rent levels that were greater than $600 – Hawaii and California (with median rent levels of $650 and $620 respectively). In fact, only three other states had rent levels within 10 percent of California (three of the seven states with median rent levels above $500). For those states with lowest median rents, Californians could count on paying up to twice the rent in 1990. In California, the underlying rent structure is strongly tilted to relatively higher priced rentals – about 30 percent of rental units cost in excess of $750 monthly, or about $900 in current dollars (see Figure 30).

However, rental costs for individual counties within the State were strongly related to location (see Figure 31).

- The highest rents in the State were centered in counties along the Pacific Ocean, evident throughout the Bay Area and Central Coast regions, as well as the coastal portion of the Greater Los Angeles Region, where inflation-adjusted median rents exceeded $750 (in 1997 dollars).

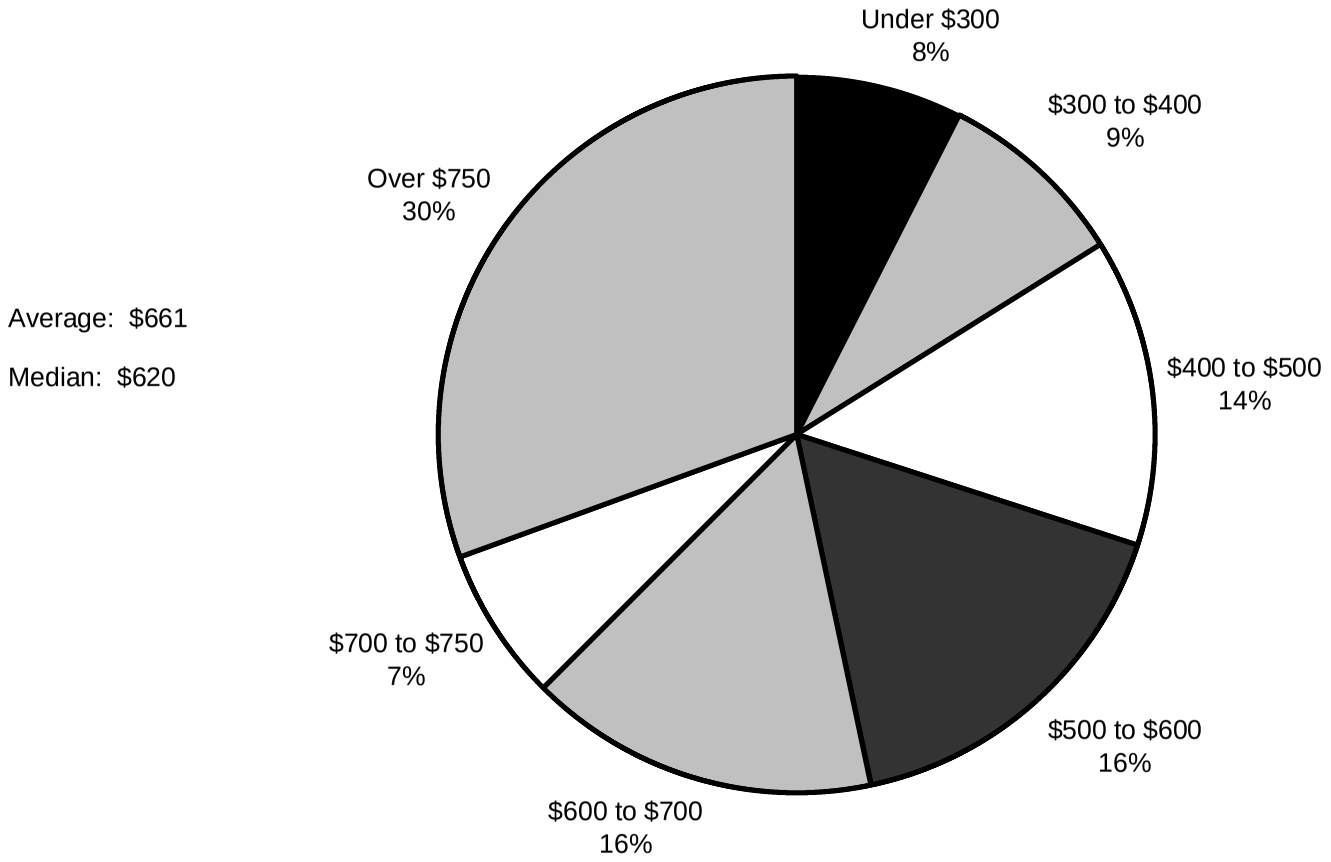
- San Diego, the inland portion of the Greater Los Angeles Region and much of the Sacramento Region, had rents one step below the Coastal areas (with median rent levels generally in the $600 to $750 range).

- Rent levels throughout the Central Valley Region, much of the Central-Southern California Region, the coastal portion of the Northern California non-metropolitan Region and the more urbanized portions of the Northern California Region had median average inflation-adjusted rents in the $450 to $600 range.

- Only seven counties in the State had median rents (inflation-adjusted) that were below $450. The lowest median rent within the State was above statewide median for eight states.

Information on rent movements since 1990 is not consistently available at either the State or county level. However, private data firms do collect and report on rental market conditions for local housing markets within the State.[12] Published data generally does not reflect a broad cross-section of

Figure 30
Composition of Gross Rents for Rental Housing Stock, 1990



Source: US Census, STF3A

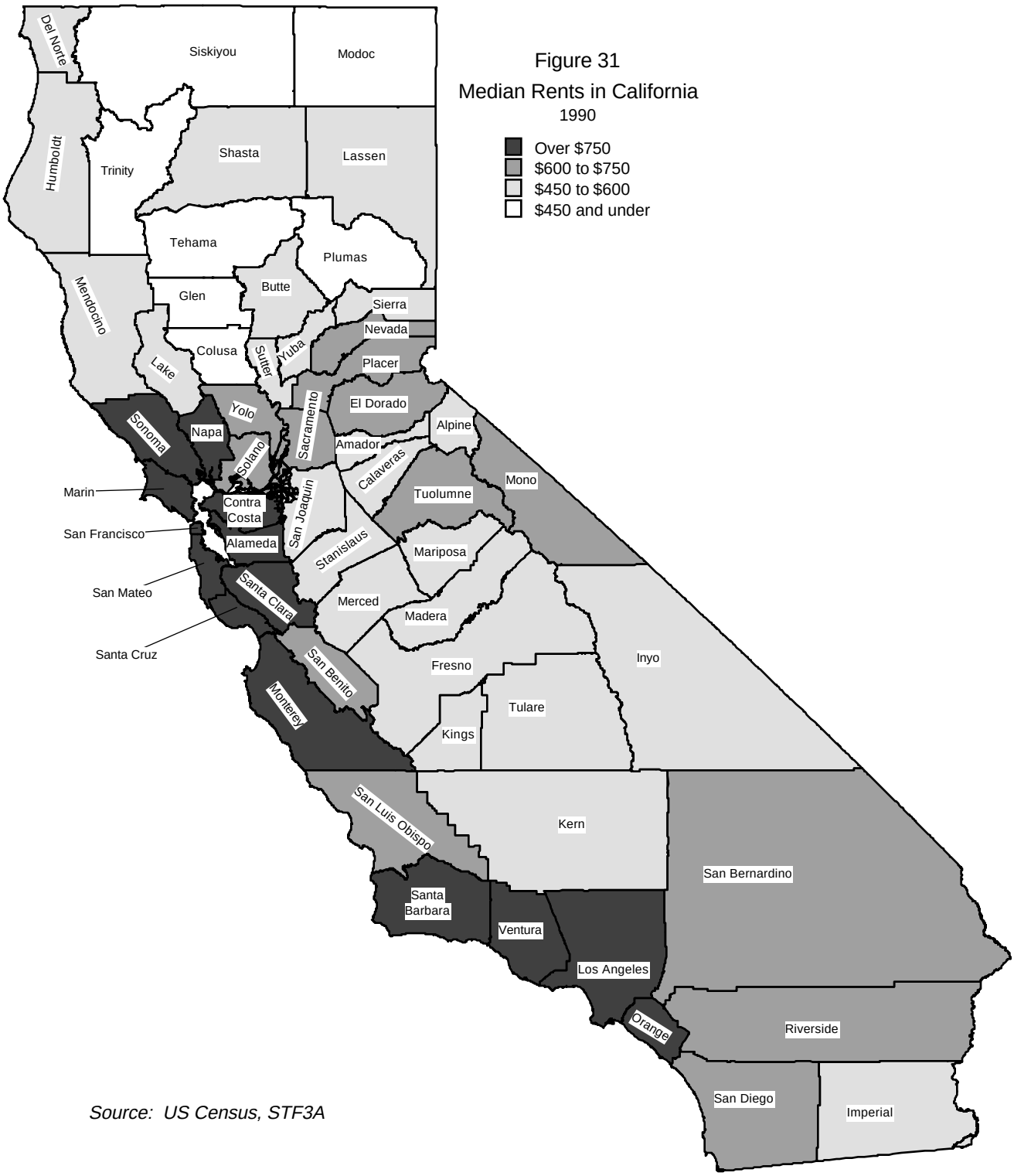


Figure 31
Median Rents in California
1990
Over $750
$600 to $750
$450 to $600
$450 and under
Del Norte
Siskiyou
Modoc
Humboldt
Trinity
Shasta
Lassen
Tehama
Plumas
Mendocino
Glen
Butte
Sierra
Nevada
Colusa
Sutter
Yuba
Placer
Lake
Yolo
El Dorado
Sonoma
Napa
Sacramento
Alpine
Amador
Solano
Calaveras
Mono
Marin
Contra Costa
Tuolumne
San Joaquin
San Francisco
Alameda
Stanislaus
Mariposa
San Mateo
Santa Clara
Merced
Madera
Santa Cruz
San Benito
Fresno
Inyo
Monterey
Tulare
Kings
San Luis Obispo
Kern
San Bernardino
Santa Barbara
Ventura
Los Angeles
Orange
Riverside
San Diego
Imperial
Source: US Census, STF3A

overall housing stock – they are concentrated in the State's larger institutional-grade apartment complexes (both by size and condition) and coverage is stronger in the larger urban metropolitan areas (particularly the Bay Area and the Greater Los Angeles Regions). Thus, while private data sources track the "upscale" apartment market, they do not provide insight into the "lower" end of the market. To the degree that the submarkets within locations tend to track each other, this information provides an assessment for relative changes throughout the rental market.[13] This study does not purport to establish a direct link. Unfortunately, information for all aspects of the rental market are simply not available. More research is needed to determine the relationship between that reported here and overall rental market operations. For these reasons, the following discussion should be taken as indicative of underlying rental market conditions – the lower end of the rental market may not strictly reflect the discussion that follows.

Changes in asking rents within the regions varied from 1990 to 1997 (see Table 21). Focusing on the 1995 to 1997 period, these data generally reveal a strong upward pressure was evident in the Bay Area. This was particularly true in San Francisco and surrounding counties, as well as the Santa Clara market. Outlying suburban markets (Sonoma, Solano, and Napa) increased, but generally with asking rents at rates significantly below closer in counties. For the counties ringing the Bay Area from San Francisco south, there was a strong run-up of asking prices during the 1995 to 1997 period, rising by more than 20 percent (after adjustment for inflation). Given the relatively weak housing permit activity in the areas around San Francisco (including counties in both the San Francisco and Oakland MSAs), this trend is not likely to abate in the short term. In the Santa Clara County area, there was stronger permit activity in the 1995 to 1997 period, possibly leading to some fall-off in the relative pace of increase in asking rents in the near future. The lag between economic recovery and residential construction activities appears to have generated a short-term squeeze in the market – as construction catches up with demand, it is not clear that asking rents will continue to rise precipitously, particularly in the San Jose area. These estimates are consistent with press reports that highlight significant rent increases throughout the Silicon Valley area and shortfalls of construction to meet underlying demand fueled by the strong economic recovery in the Bay Area.

While rent increases have been more moderate in San Diego in the 1995 to 1997 period, rents rose modestly. However, employment in the San Diego Region did not mirror statewide recovery during the past two years; this lower economic performance will likely dampen the rate of increase, although asking rents in 1997 reflected increases only exceeded by the Bay Area.

Similarly, in the Sacramento Region, asking rents rose, albeit at slower rates than either the Bay Area or San Diego regions. Given ongoing weakness in housing permit activities in the Sacramento Region, the 1997 upswing in asking prices will likely remain until additions to stock work their way through approvals and construction.

The rental market in the Greater Los Angeles Region continued to emerge from the recession in 1997. In selected counties (particularly Los Angeles and Orange counties), inflation-adjusted asking rents increased modestly during the 1995 to 1997 period. The recovery from the recession occurred earlier in Orange County, increasing demand for rental units, with a greater increase in asking rents than elsewhere in the Region. However, asking rents in both Riverside and San Bernardino Counties remained flat or declined in the 1995 to 1997 period (on an inflation-adjusted basis), and high overall vacancy rates continued to moderate rent movements in the area through the end of 1997. While overall vacancy rates in the Ventura County area were relatively low, continued weakness in the local economy held back rents in the County in the 1995 to 1996 period, through improvements appeared to have led to a modest recovery of rents in 1997.

Table 21

Average Movement in Asking Rents for Selected Housing Stock in Various California Counties

1990 to 1997

Area	Census: Median 1990	Census: Average 1990	1990	1991	1992	1993	1994	1995	1996	1997	Change 1995 to 1997	Change 1996 to 1997
Los Angeles Region												
Los Angeles	750	770	N/A	N/A	907	904	903	891	911	927	4.1%	1.7%
Orange	947	962	N/A	N/A	897	883	872	864	876	926	7.2%	5.8%
Riverside	686	692	N/A	N/A	N/A	677	669	626	613	633	1.0%	3.4%
San Bernardino	666	669	N/A	N/A	N/A	787	780	734	657	665	-9.4%	1.2%
Ventura	904	916	N/A	N/A	N/A	N/A	1,037	973	851	862	-11.5%	1.2%
Bay Area Region												
San Francisco	779	798	1,316	1,283	1,286	1,266	1,284	1,303	1,550	1,764	35.4%	13.8%
Marin	983	1,000	1,170	1,128	1,081	1,053	1,061	1,075	1,176	1,252	16.5%	6.5%
San Mateo	922	953	1,105	1,069	989	972	966	1,002	1,149	1,211	20.8%	5.4%
Alameda	747	751	904	877	844	829	820	828	897	954	15.2%	6.3%
Contra Costa	805	826	855	839	818	799	795	791	828	869	9.8%	4.9%
Santa Clara	926	939	1,016	1,000	937	920	918	968	1,159	1,231	27.1%	6.2%
Sonoma	770	778	848	825	791	761	753	751	747	787	4.8%	5.4%
Solano	704	715	772	757	728	718	721	710	703	719	1.3%	2.2%
Napa	754	756	755	738	719	715	703	690	661	692	0.4%	4.8%
Sacramento Region												
Sacramento	632	641	N/A	N/A	644	619	607	599	603	624	4.3%	3.4%
Placer	689	706	N/A	N/A	724	693	694	701	712	742	5.9%	4.3%
Yolo	611	631	N/A	N/A	823	820	817	770	730	822	6.7%	12.5%
San Diego	732	755	N/A	N/A	741	732	740	728	744	785	7.8%	5.5%
Central Valley Region												
Fresno	520	524	N/A	N/A	N/A	467	466	509	485	480	-5.9%	-1.0%
Merced	515	522	N/A	N/A	N/A	511	505	489	484	472	-3.5%	-2.5%
San Joaquin	586	592	N/A	N/A	N/A	647	643	596	584	584	-2.1%	0.0%
Stanislaus	578	579	N/A	N/A	N/A	535	534	534	523	526	-1.6%	0.5%
Central Coast Region												
Monterey	749	765	N/A	N/A	N/A	825	763	747	773	810	8.4%	4.7%
Santa Barbara	784	827	N/A	N/A	N/A	N/A	N/A	N/A	728	722	N/A	-0.8%
Santa Cruz	854	859	N/A	N/A	880	822	867	878	940	985	12.2%	4.9%

Source: US Census STF3A, 1990; RealFacts, 1998.

Rents in the Central Coast Region were high at the start of the decade, and based on asking rents, generally rose from 1990 to 1997 (although not as precipitously as Bay Area rents). It is likely that continued low levels of multifamily construction limited growth in rental stock, fueling price increases in the Central Coast Region.

Finally, asking rents and occupancy levels for the Central Valley Region generally remain weak. Rent levels reflect the continued economic lag of the Region in relation to other portions of the State. Despite the fact that high migration into the area has been coupled with low construction rates, it appears that housing supplies continue to outpace demand.

As indicated earlier, this assessment cannot fully measure rental price movements, particularly at the "bottom" of the rental market. While upwards price movements almost certainly have increased prices on the lower priced rental stock, the inverse may not be true. Flat or decreasing rents in "investment grade" properties do not necessarily lead to reduced rents in lower priced rental units. Given the numeric increase in lower-income households in the State and ongoing declines in lower priced rentals, rents for lower priced rental units in the State have likely increased. Additional research is needed to further explore the movement of rental price movements for "affordable" rental units in the State.

Key Issues in the California Housing Economy

The issues created by the underlying relationship between housing demand and supply unfold along several dimensions that have a significant impact on the quality of life for California's residents.

- Much higher levels of housing construction are needed to adequately house the State's population.
- High housing cost burdens are increasingly an issue for both owners and renters. The combination of upward price pressure in the housing market and relatively tight urban housing markets has led to increasing cost burdens, particularly for low-income renter residents.
- In addition to high housing cost burdens, it is evident that, in some portions of the State, the level of overcrowding has dramatically increased.
- A substantial portion of affordable rental housing developments statewide are at risk of conversion to market rate use. This situation threatens thousands of low-income elderly households and families, exacerbating local housing needs.
- California has an extensive agricultural economy that depends on temporary workers to harvest and process crops. Significant numbers of these critical workers migrate throughout the State facing housing challenges that impact their welfare.
- Finally, the homeless individuals and households who have fallen through the cracks of society face significant difficulties in obtaining shelter and reintegrating themselves into the broader society.

California's Housing Need

The California housing market has experienced significant strain throughout the 1990s. The recession dampened construction during the early part of the recession, and through at least 1996, construction activity remained relatively weak throughout the State. While economic activities continue to lag in portions of the State (particularly the Central Valley and non-metropolitan regions), strong economic growth in the Bay Area, San Diego, and portions of the Sacramento and Greater Los Angeles regions by 1998 had not resulted in major upswings in residential construction. While housing construction has traditionally led economic recoveries, activities in this decade continue to lag economic conditions in the State (although recent single-family sales activity has been stronger than any other time in the decade).

These lags have generally created increased tightness in housing markets throughout much of the State. All indications are that overall vacancies in most metropolitan areas have declined modestly, including most of the Bay Area, Greater Los Angeles, and San Diego, as well as portions of the Central Valley and Sacramento regions. In general, construction activity has overwhelmingly been concentrated in single-family housing, with little change through the decade. Moreover, while construction has been concentrated in the ownership market, available information indicates that removals are concentrated in the rental market, particularly at the lower end of the rental market.

The housing markets have not kept pace with the housing needs of households within the State, particularly low-income and other rental households. California residential permit activities during the 1990's have run at about one-half the level needed to meet projected housing needs by 2003 –

net housing permits have averaged about 116,000. In contrast, the projected statewide need is for an average of 173,000 – 195,000 units annually, depending on allowances for vacancy rates and loss of existing housing stock (see Table 22). The construction need projections, which reflect adjustments for existing market conditions (e.g., tight markets with low vacancies), are compared below to 1990-1997 housing construction.

The shortfall has been most critical within metropolitan areas. Overall, construction within metropolitan areas should increase to more than twice the levels within the earlier part of the decade to meet overall housing need in metropolitan areas, while non-metropolitan construction levels have been about 59 percent of the projected need levels.

The Greater Los Angeles Region was particularly hard-hit by the recession; construction was only at about 59 percent of the rate necessary for the projected need for almost 6.1 million housing units needed in the Region by year 2003. Construction activity in Los Angeles and Imperial counties was particularly weak during the 1990 to 1997 period.

The eight counties of the Central Valley Region are anticipated to reach over 1.25 million households by 2003. Construction activities in the Region have generally run at about 70 percent of that needed to meet overall need for an additional 172,000 housing units from 1997 - 2003. In particular, there will be particular pressure to increase housing production in Stanislaus and San Joaquin counties.

While the Bay Area did not experience the depth of recession that other regions did, housing construction failed to keep up with needs. The projected construction need is for over 240,000 housing units during 1997 to 2003. Based on estimates of household growth, activity in Santa Clara, Alameda and San Mateo counties will need to expand significantly. The activity in remaining counties would also need to nearly double the levels of 1990 - 1997.

Approximately 116,000 units will be needed in the Sacramento Region to accommodate the .86 million projected households. To accomplish this, it will be necessary for communities within the Region to increase the level of construction activity by nearly one-third over the 1990 to 1997 period. There is a need for relative activity levels in both El Dorado and Yuba counties to expand. Through the rest of the State, construction in most counties has run significantly below levels needed to meet projected housing needs.

Housing Cost Burden

Housing is generally the greatest single expense item for households. Current public standards measure housing cost in relation to gross household income – those households spending in excess of about 30 percent of income are generally considered "cost-burdened." Using this measure, housing cost burdens for owners and renters in 1990 were a significant source of strain for households throughout California. In 1990, over 2 million rental households paid in excess of 30 percent of their income on housing, while over 30 percent of owners (1.4 million households) paid in excess of 30 percent of their income.

Not all areas experienced comparable cost burdens. The Greater Los Angeles, Bay Area, San Diego, Central Coast and Northern California regions experienced the greatest proportion of cost-burdened renters, while Central non-metropolitan California had lower levels of cost-burdened renters. High cost burdens for owners were concentrated in the Greater Los Angeles, San Diego and Bay Area regions, and to a lesser extent in the Central Coast Region.

Table 22

Housing Construction Need in California

1997 to 2003

Location	TOTAL HOUSEHOLDS (Note 1) Estimated Households in January 1997	TOTAL HOUSEHOLDS (Note 2) Estimated Households in July, 2003	TOTAL HOUSEHOLDS Additional Household Demand	OWNER OCCUPIED UNIT NEED (Note 3) Estimated Occupied Owner Units in 2003	OWNER OCCUPIED UNIT NEED (Note 4) Ownership Vacancy Allowance	OWNER OCCUPIED UNIT NEED Total Ownership Units Required for 2003	RENTER OCCUPIED UNIT NEED (Note 5) Estimated Occupied Renter Units in 2003	RENTER OCCUPIED UNIT NEED (Note 6) Rental Vacancy Allowance	RENTER OCCUPIED UNIT NEED Total Renter Units Required for 2003
Metropolitan Areas									
Los Angeles Metro									
Los Angeles County	3,067,181	3,243,867	176,686	1,563,435	23,809	1,587,244	1,680,432	88,444	1,768,875
Orange County	883,229	953,095	69,866	572,530	8,719	581,249	380,564	20,030	400,594
Riverside County	458,021	552,708	94,687	372,287	5,669	377,957	180,421	9,496	189,917
San Bernardino County	506,155	580,746	74,591	367,845	5,602	373,447	212,901	11,205	224,106
Ventura County	231,838	251,592	19,754	164,713	2,508	167,222	86,878	4,573	91,451
Imperial County*	38,218	46,749	8,531	26,913	410	27,323	19,836	1,044	20,880
Total Los Angeles Metro Region	***5,184,642***	***5,628,756***	***444,114***	***3,067,725***	***46,717***	***3,114,441***	***2,561,032***	***134,791***	***2,695,823***
Bay Area									
San Francisco County	309,661	318,936	9,275	110,124	1,677	111,801	208,812	10,990	219,802
Marin County	96,865	99,564	2,699	61,821	941	62,763	37,743	1,986	39,729
San Mateo County	248,451	267,134	18,683	160,945	2,451	163,395	106,189	5,589	111,778
Alameda County	495,598	539,872	44,274	287,612	4,380	291,992	252,260	13,277	265,537
Contra Costa County	325,659	354,888	29,229	239,784	3,652	243,435	115,104	6,058	121,162
Santa Clara County	544,358	602,330	57,972	355,859	5,419	361,278	246,472	12,972	259,444
Sonoma County	163,761	186,726	22,965	117,495	1,789	119,284	69,231	3,644	72,875
Solano County	124,125	141,245	17,120	88,796	1,352	90,148	52,449	2,760	55,210
Napa County	44,601	48,955	4,354	31,595	481	32,076	17,361	914	18,274
Vallejo-Fairfield-Napa	*168,726*	*190,201*	*21,475*	*120,391*	*1,833*	*122,225*	*69,810*	*3,674*	*73,484*
Total Bay Area Region	***2,353,079***	***2,559,650***	***206,571***	***1,454,030***	***22,143***	***1,476,173***	***1,105,620***	***58,191***	***1,163,811***
Sacramento									
Sacramento County	430,515	482,412	51,897	273,102	4,159	277,261	209,309	11,016	220,325
Placer County	79,562	100,021	20,459	70,823	1,079	71,902	29,197	1,537	30,734
El Dorado County	53,641	66,145	12,504	46,896	714	47,611	19,248	1,013	20,261
Sutter County	27,342	32,073	4,731	18,818	287	19,105	13,255	698	13,952
Yuba County	21,247	23,301	2,054	12,293	187	12,480	11,008	579	11,588
Yolo County	56,180	63,219	7,039	32,803	500	33,302	30,416	1,601	32,017
Total Sacramento Region	***668,487***	***767,170***	***98,683***	***454,736***	***6,925***	***461,661***	***312,434***	***16,444***	***328,878***
Central Valley									
Fresno County	249,541	277,003	27,462	150,299	2,289	152,588	126,704	6,669	133,373
Madera County	34,943	43,776	8,833	28,420	433	28,853	15,356	808	16,165
Kern County	205,999	237,304	31,305	140,766	2,144	142,910	96,538	5,081	101,619
San Joaquin County	173,439	200,787	27,348	115,604	1,760	117,364	85,183	4,483	89,666
Stanislaus County	139,688	165,191	25,503	100,305	1,527	101,833	64,885	3,415	68,300
Merced County	62,317	71,536	9,219	38,892	592	39,485	32,644	1,718	34,362
Tulare County	110,052	124,989	14,937	75,068	1,143	76,211	49,921	2,627	52,549
Kings County*	32,626	37,883	5,257	20,096	306	20,402	17,788	936	18,724
Total Central Valley Region	***1,008,605***	***1,158,469***	***149,864***	***669,451***	***10,195***	***679,645***	***489,019***	***25,738***	***514,757***
San Diego Region	***944,044***	***1,054,335***	***110,291***	***567,400***	***8,641***	***576,041***	***486,935***	***25,628***	***512,563***
Central Coast Region									
Monterey County	114,702	126,150	11,448	63,897	973	64,870	62,254	3,277	65,530
San Luis-Obispo County	86,623	102,272	15,649	61,193	932	62,125	41,079	2,162	43,241
Santa Barbara County	134,937	143,455	8,518	78,516	1,196	79,711	64,940	3,418	68,358
Santa Cruz County	86,891	97,050	10,159	58,128	885	59,013	38,922	2,049	40,970
San Benito County*	13,818	17,212	3,394	10,525	160	10,685	6,688	352	7,040
Total Central Coast Region	***436,971***	***486,140***	***49,169***	***272,258***	***4,146***	***276,404***	***213,882***	***11,257***	***225,139***

Table 22 (continued)

Housing Construction Need in California

1997 to 2003

Location	TOTAL HOUSEHOLDS (Note 1) Estimated Households in January 1997	TOTAL HOUSEHOLDS (Note 2) Estimated Households in July, 2003	TOTAL HOUSEHOLDS Additional Household Demand	OWNER OCCUPIED UNIT NEED (Note 3) Estimated Occupied Owner Units in 2003	OWNER OCCUPIED UNIT NEED (Note 4) Ownership Vacancy Allowance	OWNER OCCUPIED UNIT NEED Total Ownership Units Required for 2003	RENTER OCCUPIED UNIT NEED (Note 5) Estimated Occupied Renter Units in 2003	RENTER OCCUPIED UNIT NEED (Note 6) Rental Vacancy Allowance	RENTER OCCUPIED UNIT NEED Total Renter Units Required for 2003
Northern California Region									
Butte County	80,149	91,686	11,537	56,047	854	56,900	35,639	1,876	37,515
Shasta County	64,297	75,570	11,273	48,762	743	49,504	26,809	1,411	28,220
Tehama County*	21,427	23,757	2,330	16,304	248	16,552	7,453	392	7,846
Glenn County*	9,479	11,309	1,830	6,988	106	7,095	4,320	227	4,548
Colusa County*	6,230	8,105	1,875	5,147	78	5,226	2,958	156	3,113
Total Northern California Region	***181,582***	***210,427***	***28,845***	***133,248***	***2,029***	***135,277***	***77,180***	***4,062***	***81,242***
NONMETROPOLITAN AREAS									
Northern California Nonmetropolitan Region									
Del Norte County*	9,151	10,962	1,811	7,167	109	7,276	3,795	200	3,995
Humboldt County*	50,398	53,612	3,214	31,531	480	32,011	22,081	1,162	23,243
Mendocino County*	33,069	37,094	4,025	23,046	351	23,397	14,048	739	14,787
Lake County*	22,910	27,744	4,834	19,766	301	20,067	7,978	420	8,398
Siskiyou County*	18,643	20,209	1,566	13,588	207	13,794	6,621	348	6,969
Modoc County*	4,043	4,354	311	3,031	46	3,077	1,324	70	1,393
Trinity County*	5,473	5,936	463	4,134	63	4,197	1,802	95	1,897
Lassen County*	9,347	10,711	1,364	7,431	113	7,544	3,280	173	3,452
Plumas County*	9,168	9,814	646	6,621	101	6,722	3,192	168	3,360
Sierra County*	1,394	1,470	76	1,043	16	1,059	427	22	449
Nevada County*	35,021	41,860	6,839	31,147	474	31,621	10,713	564	11,277
Total Northern California Nonmetropolitan Region	***198,617***	***223,766***	***25,149***	***148,505***	***2,261***	***150,766***	***75,261***	***3,961***	***79,223***
Central-Southern California Region									
Amador County*	11,991	13,161	1,170	9,879	150	10,030	3,282	173	3,455
Alpine County*	487	563	76	323	5	328	240	13	253
Calaveras County*	14,748	18,035	3,287	13,723	209	13,932	4,312	227	4,539
Tuolumne County*	19,881	23,101	3,220	16,309	248	16,557	6,792	357	7,149
Mariposa County*	6,473	7,347	874	5,095	78	5,172	2,252	119	2,371
Mono County*	4,260	4,704	444	2,442	37	2,479	2,262	119	2,381
Inyo County*	7,849	7,989	140	5,298	81	5,379	2,691	142	2,832
Total Central-Southern California Region	***65,689***	***74,900***	***9,211***	***53,069***	***808***	***53,877***	***21,831***	***1,149***	***22,980***
All Metropolitan Areas	***10,655,612***	***11,719,933***	***1,064,321***	***6,532,874***	***99,485***	***6,632,360***	***5,187,059***	***273,003***	***5,460,062***
****Non-Metropolitan Areas***	***386,104***	***443,682***	***57,578***	***287,546***	***4,379***	***291,925***	***156,135***	***8,218***	***164,353***
Total State	***11,041,716***	***12,163,614***	***1,121,898***	***6,820,420***	***103,864***	***6,924,285***	***5,343,194***	***281,221***	***5,624,415***

Table 22 (continued)

Housing Construction Need in California

1997 to 2003

Location	TOTAL 2003 HOUSING NEED				1997 HOUSING	CONSTRUCTION NEED	
	Owner and Renter Housing Needed in 2003	(Note 7) Seasonal and Withheld Unit Allowance for 2003	(Note 8) Housing Replacement Needs thru 2003	Total Units Needed 2003	(Note 9) Estimated Housing Stock, 1997	Total Construction Need	Annual Construction Need
Metropolitan Areas							
Los Angeles Metro							
Los Angeles County	3,356,119	51,504	43,257	3,450,881	3,247,372	203,509	31,309
Orange County	981,843	17,716	12,575	1,012,135	935,097	77,038	11,852
Riverside County	567,873	70,130	7,735	645,739	552,038	93,701	14,415
San Bernardino County	597,553	62,598	8,142	668,293	592,470	75,823	11,665
Ventura County	258,672	5,120	3,300	267,093	243,888	23,205	3,570
Imperial County*	48,203	3,766	613	52,581	42,331	10,250	1,577
Total Los Angeles Metro Region	***5,810,264***	***210,835***	***75,623***	***6,096,722***	***5,613,196***	***483,526***	***74,389***
Bay Area							
San Francisco County	331,603	9,082	4,392	345,077	335,034	10,043	1,545
Marin County	102,492	2,432	1,353	106,277	103,271	3,006	462
San Mateo County	275,174	3,366	3,491	282,031	258,611	23,420	3,603
Alameda County	557,528	8,858	7,069	573,455	521,101	52,354	8,054
Contra Costa County	364,597	6,522	4,642	375,760	342,980	32,780	5,043
Santa Clara County	620,722	6,361	7,756	634,839	566,164	68,675	10,565
Sonoma County	192,159	9,333	2,459	203,951	176,807	27,144	4,176
Solano County	145,358	2,240	1,811	149,409	131,017	18,392	2,830
Napa County	50,350	1,992	650	52,992	47,694	5,298	815
Vallejo-Fairfield-Napa	*195,708*	*4,232*	*2,461*	*202,401*	*178,711*	*23,690*	*3,645*
Total Bay Area Region	***2,639,983***	***50,185***	***33,624***	***2,723,791***	***2,482,679***	***241,112***	***37,094***
Sacramento							
Sacramento County	497,587	8,694	6,262	512,543	457,062	55,481	8,536
Placer County	102,636	18,020	1,404	122,060	95,374	26,686	4,105
El Dorado County	67,872	18,535	1,015	87,422	69,728	17,694	2,722
Sutter County	33,057	707	405	34,169	28,592	5,577	858
Yuba County	24,068	1,088	312	25,468	22,835	2,633	405
Yolo County	65,319	1,020	811	67,150	58,379	8,771	1,349
Total Sacramento Region	***790,539***	***48,065***	***10,209***	***848,812***	***731,970***	***116,842***	***17,976***
Central Valley							
Fresno County	285,960	8,373	3,641	297,974	265,809	32,165	4,948
Madera County	45,017	2,771	557	48,346	37,978	10,368	1,595
Kern County	244,529	12,643	3,137	260,308	225,368	34,940	5,375
San Joaquin County	207,030	4,339	2,560	213,929	182,444	31,485	4,844
Stanislaus County	170,133	3,319	2,083	175,535	147,065	28,470	4,380
Merced County	73,847	2,455	930	77,231	66,822	10,409	1,601
Tulare County	128,760	6,050	1,643	136,453	117,901	18,552	2,854
Kings County*	39,126	941	487	40,553	34,810	5,743	884
Total Central Valley Region	***1,194,402***	***40,889***	***15,038***	***1,250,329***	***1,078,197***	***172,132***	***26,482***
San Diego Region	***1,088,604***	***25,527***	***13,786***	***1,127,917***	***1,006,743***	***121,174***	***18,642***
Central Coast Region							
Monterey County	130,400	5,299	1,715	137,414	128,162	9,252	1,423
San Luis-Obispo County	105,366	8,373	1,373	115,111	97,432	17,679	2,720
Santa Barbara County	148,069	4,229	1,924	154,221	143,639	10,582	1,628
Santa Cruz County	99,983	6,541	1,313	107,838	95,482	12,356	1,901
San Benito County*	17,725	666	216	18,606	14,770	3,836	590
Total Central Coast Region	***501,543***	***25,109***	***6,540***	***533,191***	***479,485***	***53,706***	***8,262***

Table 22 (continued)

Housing Construction Need in California

1997 to 2003

Location	TOTAL 2003 HOUSING NEED				1997 HOUSING	CONSTRUCTION NEED	
	Owner and Renter Housing Needed in 2003	(Note 7) Seasonal and Withheld Unit Allowance for 2003	(Note 8) Housing Replacement Needs thru 2003	Total Units Needed 2003	(Note 9) Estimated Housing Stock, 1997	Total Construction Need	Annual Construction Need
Northern California Region							
Butte County	94,416	3,515	1,190	99,120	85,074	14,046	2,161
Shasta County	77,724	4,380	985	83,089	69,462	13,627	2,096
Tehama County*	24,398	1,577	321	26,296	23,400	2,896	446
Glenn County*	11,643	496	144	12,282	10,024	2,258	347
Colusa County*	8,339	813	105	9,257	6,980	2,277	350
Total Northern California Region	***216,519***	***10,780***	***2,745***	***230,044***	***194,940***	***35,104***	***5,401***
NONMETROPOLITAN AREAS							
Northern California Nonmetropolitan Region							
Del Norte County*	11,271	914	147	12,332	10,425	1,907	293
Humboldt County*	55,255	3,895	746	59,895	55,617	4,278	658
Mendocino County*	38,184	2,875	505	41,564	36,629	4,935	759
Lake County*	28,465	9,136	451	38,052	31,745	6,307	970
Siskiyou County*	20,764	2,425	292	23,480	21,722	1,758	271
Modoc County*	4,470	875	68	5,414	5,115	299	46
Trinity County*	6,094	2,377	107	8,578	8,005	573	88
Lassen County*	10,996	1,723	156	12,875	11,296	1,579	243
Plumas County*	10,083	4,141	180	14,404	13,513	891	137
Sierra County*	1,509	814	30	2,352	2,272	80	12
Nevada County*	42,898	7,716	611	51,225	43,338	7,887	1,213
Total Northern California Nonmetropolitan Region	***229,989***	***36,891***	***3,293***	***270,172***	***239,677***	***30,495***	***4,692***
Central-Southern California Region							
Amador County*	13,485	2,488	199	16,172	14,619	1,553	239
Alpine County*	580	526	16	1,123	1,428	(305)	(47)
Calaveras County*	18,471	8,318	319	27,108	22,361	4,747	730
Tuolumne County*	23,706	8,423	390	32,520	27,900	4,620	711
Mariposa County*	7,543	2,175	121	9,839	8,895	944	145
Mono County*	4,860	5,072	139	10,071	11,430	(1,359)	(209)
Inyo County*	8,212	888	118	9,217	9,041	176	27
Total Central-Southern California Region	***76,857***	***27,890***	***1,303***	***106,049***	***95,674***	***10,375***	***1,596***
All Metropolitan Areas	***12,092,421***	***403,131***	***155,678***	***12,651,230***	***11,454,895***	***1,196,335***	***184,052***
****Non-Metropolitan Areas***	***456,278***	***73,038***	***6,480***	***535,797***	***467,666***	***68,131***	***10,482***
Total State	***12,548,699***	***476,170***	***162,158***	***13,187,027***	***11,922,561***	***1,264,466***	***194,533***

Notes:

1. 1997 Households from California Department of Finance, E-5-98 Report.
2. Projection based on 1998 Department of Finance estimates for Jan. 1, 1997, adjusted using Jan. 1, 1997 household estimates from the Department of Finance.
3. Estimated owner occupied housing units based on proportion of owner households from 1990 Census held constant through projection period.
4. Vacancy allowance of 1.5 percent of owner occupied units.
5. Renter occupied housing units based on proportion of rental households from 1990 Census held constant held constant through projection period.
6. Vacancy allowance of 5 percent of renter occupied units.
7. Seasonal and withheld unit percentage based on proportion from 1990 Census held constant through the projection period.
8. Annual replacement estimated at .2 percent of average stock annually.
9. 1997 housing stock estimate from California Department of Finance, E-5-98 Report.

Sources: US Census, California Department of Finance, 1998

The figures cited above are for all households. But, while higher-income households may "choose" to spend greater portions of their income, the housing cost burden for low-income households reflect choices limited by a lack of a sufficient supply of housing affordable to these households. High cost burdens in California are correlated with household incomes; for renters earning less than $10,000 in 1990, over 90 percent experienced rent burdens that exceeded 30 percent, while more than 80 percent of households earning between $10,000 and $20,000 experienced cost burdens over 30 percent of income. At higher-income levels, the percentage of cost-burdened households declined, but did not reach minimal proportions until incomes reached $50,000 (particularly for renters).

These figures are striking – low-income households consistently experienced high levels of overpayment throughout the State. Of the approximately 4 million low-income households in California in 1990, nearly two-thirds experienced housing cost burdens that were over 30 percent of income (see Figure 32). High cost burdens among low-income households were prevalent throughout the State, although they were more concentrated in metropolitan areas. A significant number of counties had rates that were over 60 percent (nearly one-third of counties), including most of the Bay Area, San Diego County, and a plurality of the counties in the Central Coast and Greater Los Angeles regions. A plurality of low-income households in 41 counties throughout metropolitan California were experiencing excessive cost burdens.

While these figures are striking, they do not indicate the depth of housing cost problems for low-income households. More than 1.3 million households paid in excess of 50 percent of their income on housing. In 21 counties in the State, more than 30 percent of all low-income households had cost burdens that exceeded 50 percent of income (see Figure 33). While these counties were concentrated in the Bay Area, Sacramento, Greater Los Angeles, San Diego, and Central Coast regions, with the exception of Northern Non-metropolitan California, all counties had rates of significant payment burdens exceeding more than one-fifth of low-income households.

Post-1990 Cost Burdens

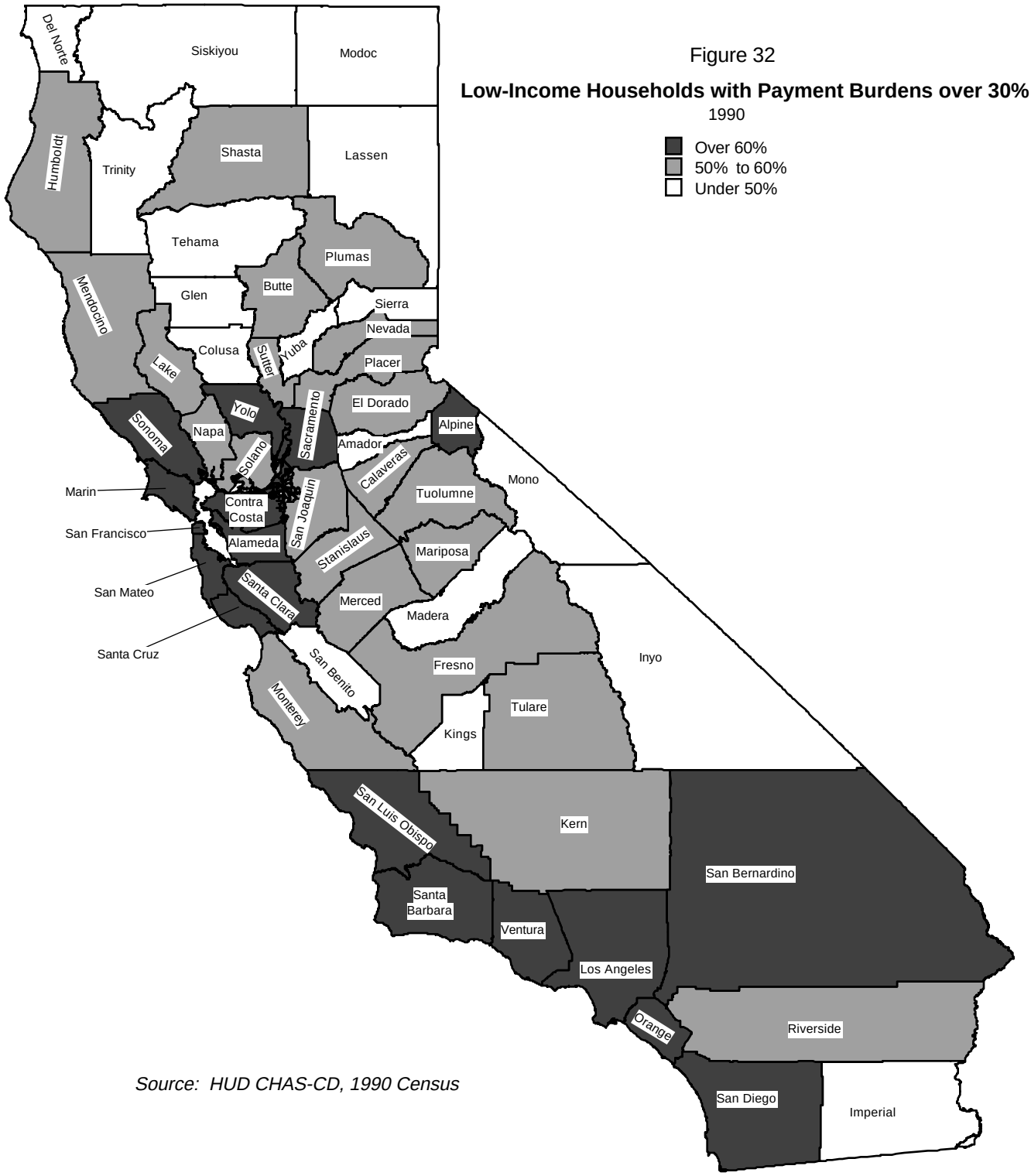
Reliable information on cost burden is not available for all counties within the State after 1990. However, detailed information is available for several metropolitan areas in the intervening years.[14] For these areas (see Table 23), cost burden data indicate the situation has deteriorated in every metropolitan area during the 1990s. For instance, in Greater Los Angeles, nearly two-thirds of all low-income households were paying more than 30 percent of household income in 1995, up slightly above comparable 1990 levels. For renters, almost three-fourths of low-income households experienced cost burdens above 30 percent, while over 62 percent of these households were paying over 50 percent of income. For owners, over 40 percent of low-income households were paying more than 50 percent of income. Increasing cost burdens were not limited to low-income households – with the exception of Orange County and San Diego, American Housing Survey data indicates an overall increase in cost-burdened households. Further, given the population increases in each of these areas, the number of households with excess burden has increased significantly.

Thus, payment burdens within these metropolitan areas have not decreased significantly in any metropolitan area, and during the period of analysis, housing cost burdens generally increased slightly in all areas. Given that the State's economy has improved since most of this data was collected, it may be that the underlying scale of the problem has declined in some areas since the 1993 - 1995 period. Nonetheless, issues of high cost burdens remain a significant problem throughout the State, at least comparable to 1990 levels, and it is likely that high cost burdens have increased since the beginning of the decade.

Figure 32

Low-Income Households with Payment Burdens over 30%

1990

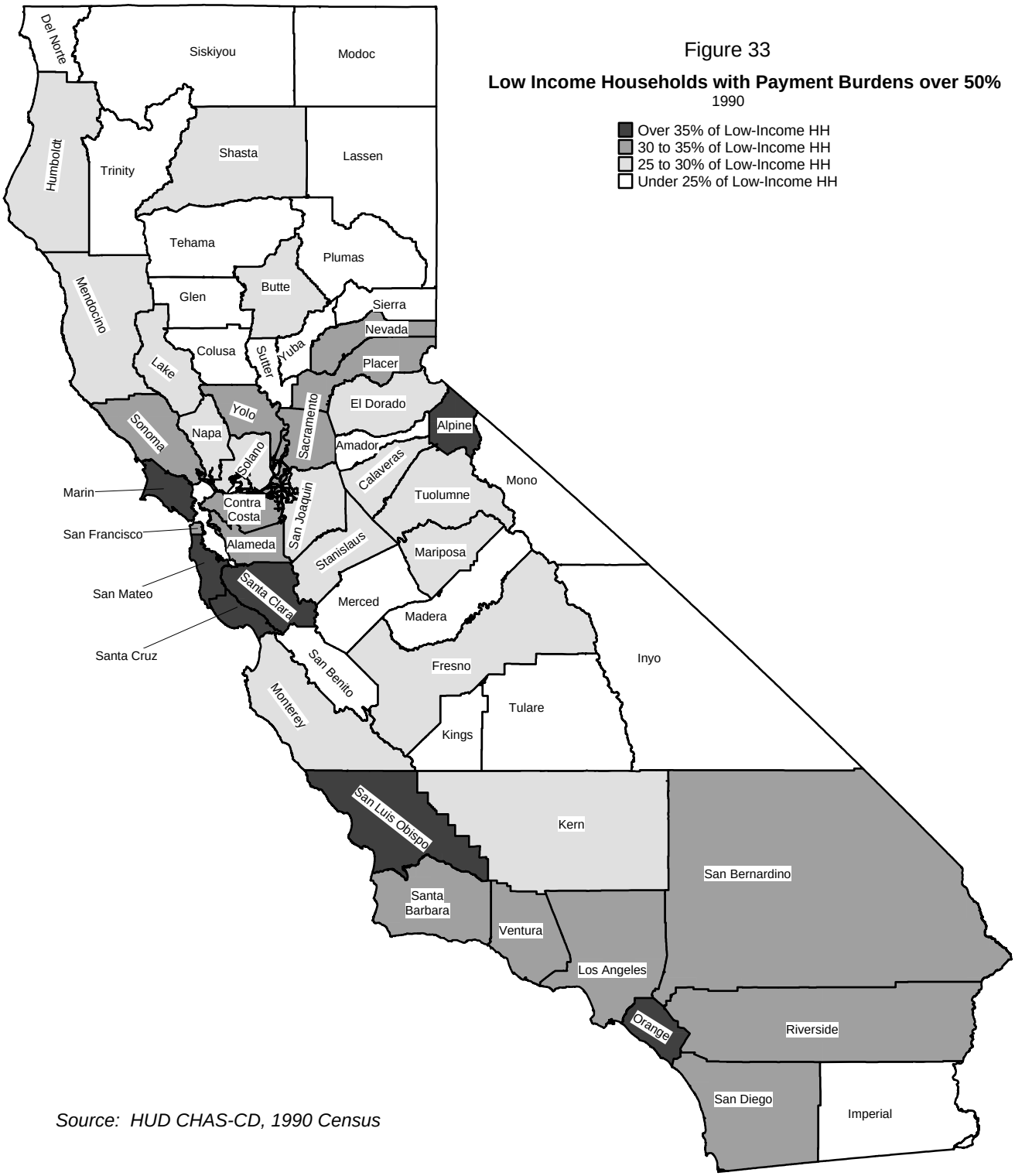


Source: HUD CHAS-CD, 1990 Census

Figure 33

Low Income Households with Payment Burdens over 50%

1990



Source: HUD CHAS-CD, 1990 Census

Table 23

Housing Burden by Income and Tenure

Key Metropolitan Areas in California

1988 to 1996

		All households				Renter Households				Owner Households			
		Income Level				Income Level				Income Level			
		Very Low	All Low	Above Low	Total HH	Very Low	All Low	Above Low	Total HH	Very Low	All Low	Above Low	Total HH
California													
1995	Burden <30%	*480,084*	*1,233,252*	*3,189,411*	4,422,663	220,110	*612,368*	976,999	1,589,367	259,974	*620,885*	2,212,412	2,833,297
	Burden 30 to 50%	*139,050*	*347,420*	*343,787*	691,207	112,583	*284,088*	77,620	361,708	26,467	*63,331*	266,167	329,498
	Burden over 30	1,486,719	*2,044,046*	398,954	2,443,000	1,235,550	*1,557,761*	46,418	1,604,179	251,168	*486,284*	352,536	838,820
	Total	2,105,853	*3,624,718*	3,932,152	7,556,870	1,568,243	*2,454,217*	1,101,037	3,555,254	537,609	*1,170,500*	2,831,115	4,001,615
Los Angeles													
1990	Burden <30%	*162,967*	*405,201*	*1,237,327*	1,642,528	83,102	*228,922*	506,002	734,924	79,865	*176,279*	731,325	907,604
	Burden 30 to 50%	*41,474*	*126,651*	*115,960*	242,611	33,125	*106,850*	56,260	163,110	8,349	*19,790*	59,700	79,490
	Burden over 30	398,785	*569,306*	150,746	720,052	346,101	*463,639*	44,124	507,763	52,684	*105,668*	106,622	212,290
	Total	603,226	*1,101,158*	1,504,033	2,605,191	462,328	*799,411*	606,386	1,405,797	140,898	*301,737*	897,647	1,199,384
1995	Burden <30%	*180,798*	*520,164*	*934,335*	1,454,499	83,628	*274,511*	345,336	619,847	97,170	*245,653*	588,999	834,652
	Burden 30 to 50%	*55,371*	*146,308*	*91,692*	238,000	42,700	*117,362*	17,852	135,214	12,671	*28,946*	73,840	102,786
	Burden over 30	553,801	*831,938*	128,508	960,446	479,251	*637,576*	16,419	653,995	74,550	*194,362*	112,089	306,451
	Total	789,970	*1,498,410*	1,154,535	2,652,945	605,579	*1,029,449*	379,607	1,409,056	184,391	*468,961*	774,928	1,243,889
Anaheim													
1990	Burden <30%	*28,020*	*75,299*	*357,779*	433,078	6,906	*25,620*	123,090	148,710	21,114	*49,679*	234,689	284,368
	Burden 30 to 50%	*6,968*	*23,176*	*48,394*	71,570	4,380	*18,276*	15,647	33,923	2,589	*4,900*	32,747	37,647
	Burden over 30	88,842	*141,641*	69,954	211,595	66,894	*102,614*	12,472	115,086	21,948	*39,027*	57,481	96,508
	Total	123,830	*240,116*	476,127	716,243	78,180	*146,510*	151,209	297,719	45,651	*93,606*	324,917	418,523
1994	Burden <30%	*41,322*	*92,671*	*378,877*	471,548	11,372	*34,665*	117,748	152,413	29,950	*58,005*	261,128	319,133
	Burden 30 to 50%	*15,573*	*31,418*	*42,904*	74,322	10,026	*22,388*	11,513	33,901	5,548	*9,031*	31,391	40,422
	Burden over 30	119,067	*155,374*	49,098	204,472	88,163	*112,230*	5,815	118,045	30,904	*43,144*	43,283	86,427
	Total	175,962	*279,463*	470,879	750,342	109,561	*169,283*	135,076	304,359	66,402	*110,180*	335,802	445,982
San Bernardino Riverside													
1990	Burden <30%	*47,137*	*112,115*	*369,790*	481,905	9,437	*31,474*	91,924	123,398	37,699	*80,640*	277,866	358,506
	Burden 30 to 50%	*13,661*	*27,802*	*46,859*	74,661	7,546	*17,996*	11,118	29,114	6,115	*9,806*	35,741	45,547
	Burden over 30	98,332	*150,163*	60,935	211,098	67,156	*98,873*	9,583	108,456	31,176	*51,290*	51,352	102,642
	Total	159,130	*290,080*	477,584	767,664	84,139	*148,343*	112,625	260,968	74,990	*141,736*	364,959	506,695
1994	Burden <30%	*58,643*	*138,824*	*356,755*	495,579	17,967	*41,642*	71,491	113,133	40,675	*97,180*	285,262	382,442
	Burden 30 to 50%	*17,795*	*42,484*	*21,202*	63,686	9,740	*22,572*	5,217	27,789	8,055	*19,912*	34,143	54,055
	Burden over 30	152,018	*210,959*	21,086	232,045	96,104	*114,036*	3,130	117,166	55,914	*96,923*	37,445	134,368
	Total	228,456	*392,267*	399,043	791,310	123,811	*178,250*	79,838	258,088	104,644	*214,015*	356,850	570,865
San Francisco													
1989	Burden <30%	*33,089*	*109,399*	*689,589*	798,988	12,068	*46,256*	248,647	294,903	21,021	*63,143*	440,942	504,085
	Burden 30 to 50%	*10,832*	*30,405*	*106,602*	137,007	8,595	*22,538*	41,034	63,572	2,236	*7,867*	65,568	73,435
	Burden over 30	77,654	*121,979*	197,008	318,987	63,944	*93,986*	114,936	208,922	13,710	*27,993*	82,072	110,065
	Total	121,575	*261,783*	993,199	1,254,982	84,607	*162,780*	404,617	567,397	36,967	*99,003*	588,582	687,585
1993	Burden <30%	*85,434*	*190,381*	*580,127*	770,508	35,944	*89,304*	196,299	285,603	49,490	*101,078*	383,828	484,906
	Burden 30 to 50%	*23,663*	*54,911*	*67,887*	122,798	17,486	*42,509*	20,509	63,018	6,177	*12,402*	47,378	59,780
	Burden over 30	201,769	*277,682*	86,309	363,991	167,198	*217,071*	14,205	231,276	34,572	*81,950*	72,105	154,055
	Total	310,866	*522,974*	734,323	1,257,297	220,628	*348,884*	231,013	579,897	90,239	*195,430*	503,311	698,741
San Jose													
1988	Burden <30%	*25,697*	*77,930*	*232,663*	310,593	8,179	*30,242*	71,296	101,538	17,158	*47,329*	161,367	208,696
	Burden 30 to 50%	*6,178*	*24,551*	*25,387*	49,938	4,647	*18,648*	5,540	24,188	1,531	*5,903*	19,847	25,750
	Burden over 30	51,540	*82,079*	22,493	104,572	41,268	*59,602*	3,201	62,803	10,273	*22,478*	19,292	41,770
	Total	83,415	*184,560*	280,543	465,103	54,094	*108,492*	80,037	188,529	28,962	*75,710*	200,506	276,216
1993	Burden <30%	*41,322*	*92,671*	*378,877*	471,548	11,372	*34,665*	117,748	152,413	29,950	*58,005*	261,128	319,133
	Burden 30 to 50%	*15,573*	*31,418*	*42,904*	74,322	10,026	*22,388*	11,513	33,901	5,548	*9,031*	31,391	40,422
	Burden over 30	119,067	*155,374*	49,098	204,472	88,163	*112,230*	5,815	118,045	30,904	*43,144*	43,283	86,427
	Total	175,962	*279,463*	470,879	750,342	109,561	*169,283*	135,076	304,359	66,402	*110,180*	335,802	445,982
San Diego													
1989	Burden <30%	*37,160*	*114,767*	*341,056*	455,823	13,588	*47,407*	118,073	165,480	23,572	*67,361*	222,983	290,344
	Burden 30 to 50%	*11,469*	*35,274*	*41,945*	77,219	8,134	*26,518*	12,172	38,690	3,335	*8,756*	29,773	38,529
	Burden over 30	128,656	*170,601*	64,036	234,637	106,839	*148,572*	10,061	158,633	21,817	*43,740*	53,975	97,715
	Total	177,285	*320,642*	447,037	767,679	128,561	*222,497*	140,306	362,803	48,724	*119,857*	306,731	426,588
1993	Burden <30%	*26,734*	*71,292*	*238,636*	309,928	22,269	*54,815*	110,122	164,937	26,734	*71,292*	238,636	309,928
	Burden 30 to 50%	*5,290*	*9,753*	*26,589*	36,342	11,655	*33,488*	7,646	41,134	5,290	*9,753*	26,589	36,342
	Burden over 30	28,904	*55,100*	38,634	93,734	111,398	*143,743*	8,425	152,168	28,904	*55,100*	38,634	93,734
	Total	60,928	*136,145*	303,859	440,004	145,322	*232,046*	126,193	358,239	60,928	*136,145*	303,859	440,004
Sacramento													
1996	Burden <30%	*30,841*	*92,740*	*272,221*	364,961	11,766	*40,992*	62,468	103,460	19,075	*51,749*	209,753	261,502
	Burden 30 to 50%	*8,678*	*22,267*	*21,202*	43,469	6,221	*15,737*	3,714	19,451	2,457	*6,529*	17,488	24,017
	Burden over 30	69,366	*98,025*	21,086	119,111	54,716	*67,828*	1,551	69,379	14,650	*30,197*	19,535	49,732
	Total	108,885	*213,032*	314,509	527,541	72,703	*124,557*	67,733	192,290	36,182	*88,475*	246,776	335,251

SOURCE: US Census, American Housing Survey, Core Samples and Metropolitan Series, various years.

Table 23 (Continued)

Housing Burden by Income and Tenure

Key Metropolitan Areas in California

1988 to 1996

		All households				Renter Households				Owner Households			
		Income Level				Income Level				Income Level			
		Very Low	All Low	Above Low	Total HH	Very Low	All Low	Above Low	Total HH	Very Low	All Low	Above Low	Total HH
California													
1995	Proportion of HH	28%	48%	52%	100%	44%	69%	31%	100%	13%	29%	71%	100%
	% paying over 30%	77%	66%	19%	41%	86%	75%	11%	55%	52%	47%	22%	29%
	% paying over 50	71%	56%	10%	32%	79%	63%	4%	45%	47%	42%	12%	21%
Los Angeles													
1990	Proportion of HH	23%	42%	58%	100%	33%	57%	43%	100%	12%	25%	75%	100%
	% paying over 30%	73%	63%	18%	37%	82%	71%	17%	48%	43%	42%	19%	24%
	% paying over 50	66%	52%	10%	28%	75%	58%	7%	36%	37%	35%	12%	18%
1995	Proportion of HH	30%	56%	44%	100%	43%	73%	27%	100%	15%	38%	62%	100%
	% paying over 30%	77%	65%	19%	45%	86%	73%	9%	56%	47%	48%	24%	33%
	% paying over 50	70%	56%	11%	36%	79%	62%	4%	46%	40%	41%	14%	25%
Anaheim													
1990	Proportion of HH	17%	34%	66%	100%	26%	49%	51%	100%	11%	22%	78%	100%
	% paying over 30%	77%	69%	25%	40%	91%	83%	19%	50%	54%	47%	28%	32%
	% paying over 50	72%	59%	15%	30%	86%	70%	8%	39%	48%	42%	18%	23%
1994	Proportion of HH	23%	37%	63%	100%	36%	56%	44%	100%	15%	25%	75%	100%
	% paying over 30%	77%	67%	20%	37%	90%	80%	13%	50%	55%	47%	22%	28%
	% paying over 50	68%	56%	10%	27%	80%	66%	4%	39%	47%	39%	13%	19%
San Bernardino Riverside													
1990	Proportion of HH	21%	38%	62%	100%	32%	57%	43%	100%	15%	28%	72%	100%
	% paying over 30%	70%	61%	23%	37%	89%	79%	18%	53%	50%	43%	24%	29%
	% paying over 50	62%	52%	13%	27%	80%	67%	9%	42%	42%	36%	14%	20%
1994	Proportion of HH	29%	50%	50%	100%	48%	69%	31%	100%	18%	37%	63%	100%
	% paying over 30%	74%	65%	11%	37%	85%	77%	10%	56%	61%	55%	20%	33%
	% paying over 50	67%	54%	5%	29%	78%	64%	4%	45%	53%	45%	10%	24%
San Francisco													
1989	Proportion of HH	10%	21%	79%	100%	15%	29%	71%	100%	5%	14%	86%	100%
	% paying over 30%	73%	58%	31%	36%	86%	72%	39%	48%	43%	36%	25%	27%
	% paying over 50	64%	47%	20%	25%	76%	58%	28%	37%	37%	28%	14%	16%
1993	Proportion of HH	25%	42%	58%	100%	38%	60%	40%	100%	13%	28%	72%	100%
	% paying over 30%	73%	64%	21%	39%	84%	74%	15%	51%	45%	48%	24%	31%
	% paying over 50	65%	53%	12%	29%	76%	62%	6%	40%	38%	42%	14%	22%
San Jose													
1988	Proportion of Households	18%	40%	60%	100%	29%	58%	42%	100%	10%	27%	73%	100%
	% paying over 30%	69%	58%	17%	33%	85%	72%	11%	46%	41%	37%	20%	24%
	% paying over 50	62%	44%	8%	22%	76%	55%	4%	33%	35%	30%	10%	15%
1993	Proportion of HH	23%	37%	63%	100%	36%	56%	44%	100%	15%	25%	75%	100%
	% paying over 30%	77%	67%	20%	37%	90%	80%	13%	50%	55%	47%	22%	28%
	% paying over 50	68%	56%	10%	27%	80%	66%	4%	39%	47%	39%	13%	19%
San Diego													
1989	Proportion of Households	23%	42%	58%	100%	35%	61%	39%	100%	11%	28%	72%	100%
	% paying over 30%	79%	64%	24%	41%	89%	79%	16%	54%	52%	44%	27%	32%
	% paying over 50	73%	53%	14%	31%	83%	67%	7%	44%	45%	36%	18%	23%
1993	Proportion of HH	14%	31%	69%	100%	41%	65%	35%	100%	14%	31%	69%	100%
	% paying over 30%	56%	48%	21%	30%	85%	76%	13%	54%	56%	48%	21%	30%
	% paying over 50	47%	40%	13%	21%	77%	62%	7%	42%	47%	40%	13%	21%
Sacramento													
1996	Proportion of HH	21%	40%	60%	100%	38%	65%	35%	100%	11%	26%	74%	100%
	% paying over 30%	72%	56%	13%	31%	84%	67%	8%	46%	47%	42%	15%	22%
	% paying over 50	64%	46%	7%	23%	75%	54%	2%	36%	40%	34%	8%	15%

SOURCE: US Census, American Housing Survey, Core Samples and Metropolitan Series, various years.

For owners, the underlying data mask one key issue – cost burden levels for recent home purchasers (at all income levels) exceeds the levels of all homeowners. Since the relative cost of homeownership decreases over time (long-term owner costs do not adjust to the market value of housing), longer-term owners should face declining cost burdens. However, recent home purchasers highlight the affordability of housing to households at the margin. For these recent purchasers, housing cost burdens are higher (than long-term owners), despite that fact that the median income for recent purchasers has generally risen (see Table 25). For instance, in the San Francisco-Oakland metropolitan area, despite the fact that median income levels for recent purchasers were more than one-fifth greater than all owners, the relative cost burden was more than one-quarter higher. While owner cost burdens were lower than renter costs, recent purchasers face significantly higher cost burdens than other owners.

Overcrowded Housing

In 1980, about 6.9 percent of California households (about a half-million households) were considered overcrowded (see Table 24).[15] However, by 1990, this number had more than doubled, with over 1.2 million households (12.3 percent of total households) experiencing overcrowded conditions. More than half of these households (over 736,00 households) were severely overcrowded (over 1.5 persons per room). Overcrowding increased for both owners and renters during the 1980s, and for all household sizes.

Table 24
Overcrowded Households by Household Size and Tenure
(in %)

	Household Size					All
1980	2	3	4	5	6+	HHs
Owner	0.3	0.9	2.9	8.7	43.5	4.2
Renter	3.4	10.0	20.0	44.0	79.9	10.5
Total	1.5	4.5	8.3	19.9	57.5	6.9

	Household Size						All
1990	2	3	4	5	6	7	+HHs
Owner	0.3	1.7	6.3	15.8	38.8	74.5	5.9
Renter	6.0	16.6	28.8	55.5	78.2	94.9	19.0
Total	2.4	7.9	14.8	32.4	57.7	85.6	11.6

Sources: U.S. Census, HC80-2-6, Metropolitan Housing Characteristics, Table A-7.
U.S. Census 1990 (PUMS).

Table 25

Median Income and Housing Cost Burden

From American Housing Survey

1993-1996

	Median Income				Median Housing Burden			
	All Households	All Owners	Recent Buyers	Renters	All Households	All Owners	Recent Buyers	Renters
Metropolitan Areas								
Los Angeles Metro								
Los Angeles-Long Beach (1995)	*30,000*	*48,510*	*50,250*	*23,000*	*28%*	*22%*	*27%*	*33%*
Orange County (1994)	*45,000*	*59,225*	*67,100*	*30,200*	*25%*	*22%*	*26%*	*31%*
Riverside (1994)	30,000	37,300	31,700	20,000	26%	24%	27%	32%
San Bernardino (1994)]	31,920	40,000	38,000	19,500	26%	24%	31%	34%
Riverside/San Bernardino (1994)	*30,400*	*39,000*	*33,600*	*20,000*	*26%*	*24%*	*28%*	*33%*
Bay Area								
San Francisco (1993)	30,000	50,000	49,200	25,200	28%	19%	28%	32%
Marin (1993)	50,000	69,000	na	30,000	28%	23%	na	31%
San Mateo (1993)	49,200	63,240	95,000	31,500	25%	22%	27%	32%
San Francisco (1993)	*40,000*	*60,000*	*75,100*	*27,500*	*25%*	*21%*	*31%*	*31%*
Alameda (1993)	35,000	50,000	68,000	25,850	25%	22%	27%	30%
Contra Costa (1993)	45,000	59,000	59,000	28,800	24%	22%	26%	28%
Oakland (1993)	*40,000*	*53,700*	*60,000*	*26,700*	*25%*	*22%*	*27%*	*29%*
San Francisco Oakland (1993)	*39,350*	*56,070*	*68,000*	*26,525*	*26%*	*22%*	*28%*	*31%*
San Jose (1993)	*48,000*	*60,440*	*65,000*	*35,000*	*25%*	*23%*	*29%*	*29%*
Sacramento								
Sacramento (1996)	35,550	50,000	48,600	24,000	23%	19%	22%	25%
Placer (1996)	48,200	52,000	na	27,000	23%	22%	na	28%
El Dorado (1996)	40,800	50,100	na	25,000	23%	22%	na	29%
Sacramento (1996)	*37,700*	*50,000*	*50,000*	*24,100*	*23%*	*20%*	*23%*	*29%*
San Diego (1993)	*32,000*	*45,000*	*48,200*	*24,000*	*26%*	*23%*	*26%*	*32%*
Selected Metropolitan Areas	*34,540*	*52,000*	*55,310*	*23,600*	*27%*	*22%*	*27%*	*33%*

Source: American Housing Suvey, Core and Metropolitan samples, 1993, 1994, 1995, 1996.

Despite the fact that both owners and renters experienced overcrowding, renters were more significantly impacted. In 1990, renters were more than three times more likely than owners to be overcrowded, regardless of household size. Moreover, as these figures indicate, overcrowding was strongly related to family size. Overcrowding appeared to be at least partly related to the fit of housing, particularly for larger family sizes.

While family size and tenure were important determinants of overcrowding, the type of household and household income played a strong role in the incidence of statewide overcrowding levels in 1990 (see Figure 34). As these figures indicate, overcrowding levels generally decreased as income rose for renters (particularly small and large families). Overall, the rate of overcrowding for renters was significantly less for households with incomes over 95 percent of median. The rate of overcrowding for very low-income households (50 percent of median income) was generally nearly three times greater than households with incomes over 95 percent of area median incomes. Furthermore, while the incidence of overcrowding was virtually nonexistent for elderly households, more than one-quarter of the very low-income small family rental households experienced overcrowding (declining to less than 8 percent for higher-income households). In addition, overcrowding rates for large families (five or more persons) were extremely high – more than 80 percent of very low-income households experienced overcrowding. Further, while these rates declined significantly with rising incomes, even large-family renters with incomes over 95 percent of area median income were impacted, with more than half of these households experiencing overcrowding.

Owner households experienced lesser levels of overcrowding than renter households throughout household types and at every income level. Consistent with the pattern of renter households, rising income levels provided the greatest relief for small families, with overcrowding declining from 7-8 percent to 2 percent at higher income levels. Similarly, overcrowding for large-family owners, while about 50 percent lower than renter households at all income levels, still accounted for more than half of all large-family households. Moreover, while these rates declined with income, nearly one-quarter of higher-income large-family owners still experienced overcrowding.

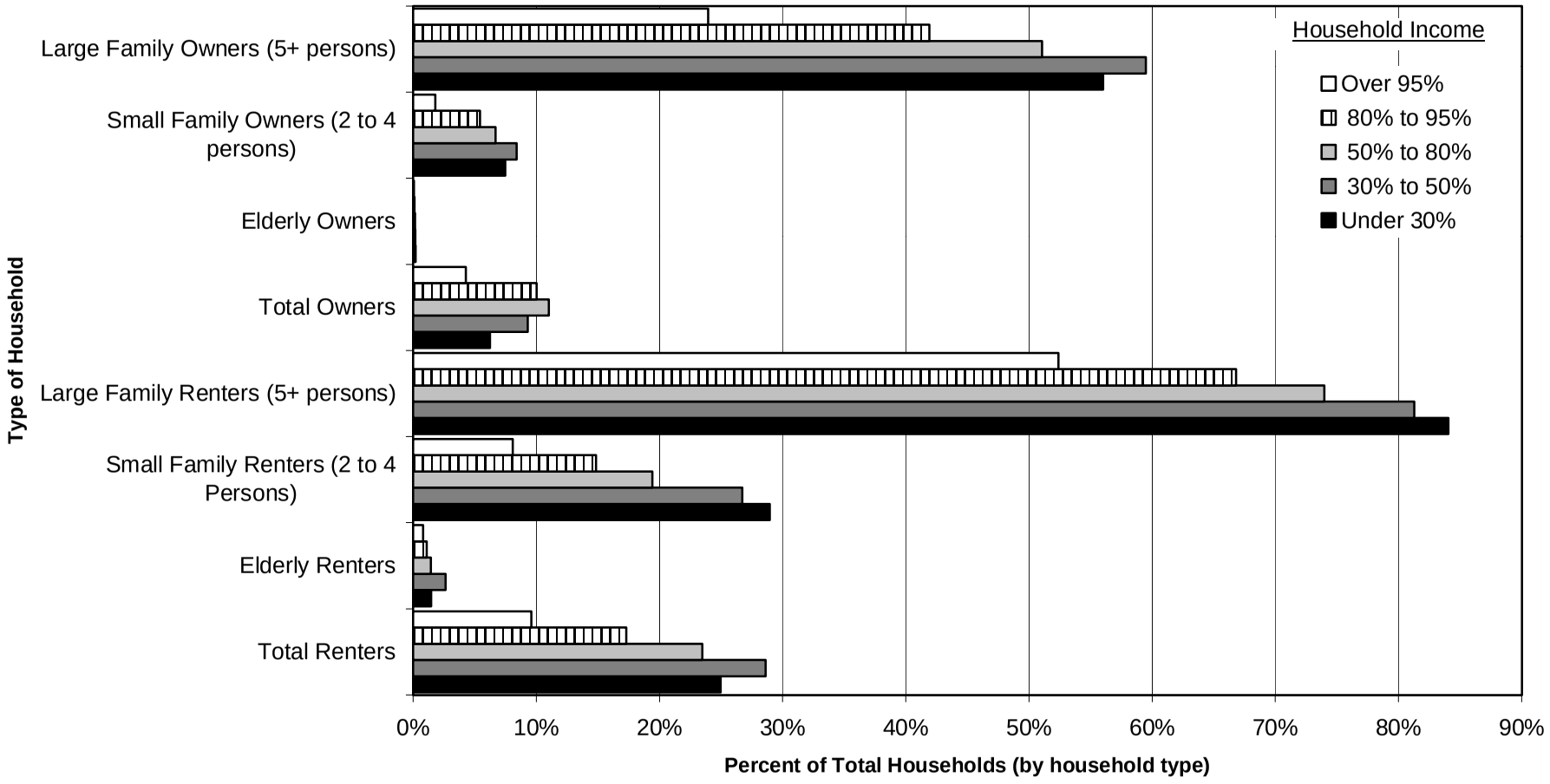
While overcrowding is a problem statewide, households face varying levels of overcrowding within the State (see Figure 35). For example, though a majority of extremely low-income large-family households (30 percent or less of area median income) experienced overcrowding in all counties within the State, these rates varied by more than 30 percent within individual counties. High overcrowding levels were geographically disbursed, including both metropolitan and non-metropolitan areas. A total of 17 counties experienced overcrowding in more than 80 percent of extremely low-income households, including San Mateo and Santa Clara in the Bay Area, Los Angeles and Orange counties in the Greater Los Angeles Region, much of the Central Valley Region, Tehama and Glen counties in the Northern California Region, Santa Cruz and Siskiyou counties.

Available evidence suggests that overcrowding within the State has continued to rise since 1990. Drawing on information from the American Housing Survey (AHS) in the 1988 to 1991 and 1992 to 1996 periods, most metropolitan areas experienced increased overcrowding.[16] The following discussion summarizes some of the key findings of the AHS information.[17]

Overall, overcrowding in selected metropolitan areas of California increased by about 13 percent in the 1989 to 1995 period, while severe overcrowding decreased modestly (-0.7 percent) during this same period[18] (see Table 26). However, these figures mask differential overcrowding by tenure. Within this same period, renter overcrowding increased by over 20 percent while severe overcrowding

Figure 34

Overcrowded Households in California
by Tenure, Household Type and Relative Income Level
1990



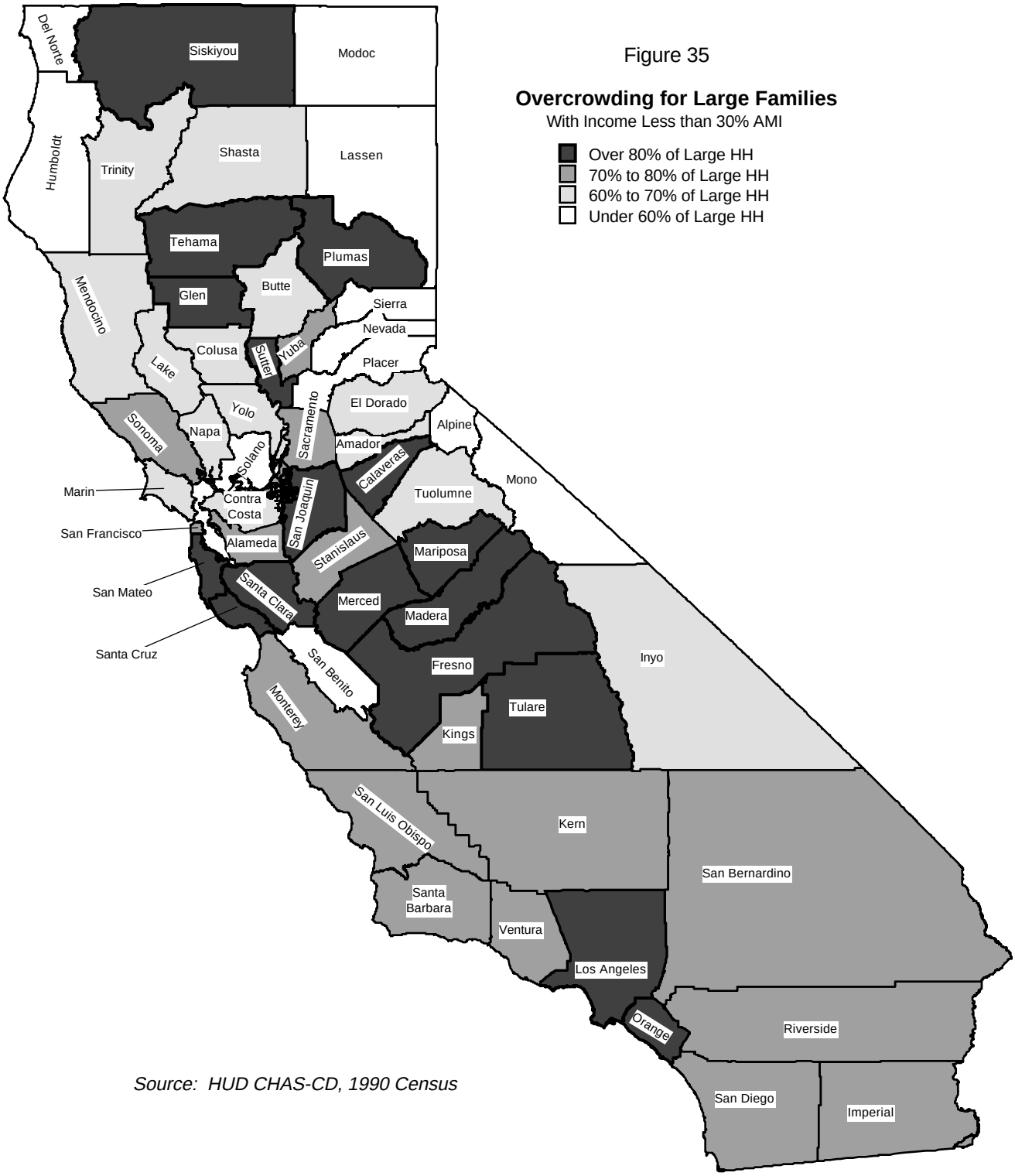
Source: US Census, HUD CHAS-CD

Figure 35

Overcrowding for Large Families

With Income Less than 30% AMI

- Over 80% of Large HH
- 70% to 80% of Large HH
- 60% to 70% of Large HH
- Under 60% of Large HH



Source: HUD CHAS-CD, 1990 Census

Table 26

Relative Overcrowding in Selected California Areas, 1988 to 1996

	1988 - 1991		1992 - 1996		1988 - 1991		1992 - 1996	
	All Overcrowded (> 1 ppr)	Severe Overcrowded (>1.5 ppr)	All Overcrowded (> 1 ppr)	Severe Overcrowded (>1.5 ppr)	All Overcrowded (> 1 ppr)	Severe Overcrowded (>1.5 ppr)	All Overcrowded (> 1 ppr)	Severe Overcrowded (>1.5 ppr)
TOTAL HOUSEHOLDS								
Anaheim-Santa Ana	43,729	13,991	54,420	15,320	5.3%	1.7%	6.4%	1.8%
Los Angeles	284,263	96,466	347,118	108,407	9.5%	3.2%	11.8%	3.7%
Riverside/San Bernardino	44,248	7,838	49,211	10,618	5.0%	0.9%	5.2%	1.1%
Sacramento	N/A	N/A	18,452	3,983	N/A	N/A	3.3%	0.7%
San Diego	37,455	9,413	37,327	7,796	4.3%	1.1%	42.0%	0.9%
San Francisco/Oakland	54,901	21,030	60,785	20,574	3.9%	1.5%	4.2%	1.4%
San Jose	16,275	3,292	27,423	6,440	3.1%	6.0%	5.1%	1.2%
California Metro Areas	570,817	173,868	645,489	172,711	6.9%	2.1%	7.6%	2.0%
RENTER HOUSEHOLDS								
Anaheim-Santa Ana	32,233	11,840	44,604	12,923	9.8%	3.6%	13.6%	3.9%
Los Angeles	223,823	80,231	268,565	98,084	14.4%	5.3%	17.0%	6.2%
Riverside/San Bernardino	28,354	5,864	33,421	7,684	9.7%	2.0%	11.9%	2.7%
Sacramento	N/A	N/A	13,721	3,630	N/A	N/A	6.7%	1.8%
San Diego	28,517	8,273	28,754	7,136	7.3%	2.1%	7.4%	1.8%
San Francisco/Oakland	41,633	17,988	47,951	16,569	6.7%	2.9%	7.5%	2.6%
San Jose	10,382	2,273	20,048	5,532	5.1%	1.1%	9.4%	2.6%
California Metro Areas	424,138	149,326	511,061	160,084	10.8%	3.8%	12.8%	4.0%
OWNER HOUSEHOLDS								
Anaheim-Santa Ana	10,433	1,746	9,624	2,396	2.0%	0.3%	1.9%	0.5%
Los Angeles	60,440	16,235	76,545	9,313	4.2%	1.1%	5.8%	0.7%
Riverside/San Bernardino	15,152	1,974	15,062	2,934	2.6%	0.3%	2.4%	0.5%
Sacramento	N/A	N/A	4,471	353	N/A	N/A	1.3%	0.1%
San Diego	8,420	1,140	8,574	661	1.7%	0.2%	1.7%	0.1%
San Francisco/Oakland	12,765	3,041	12,473	4,005	1.6%	0.4%	1.6%	0.5%
San Jose	5,452	902	6,835	908	1.8%	0.3%	2.2%	0.3%
California Metro Areas	22,123	139,697	11,617	130,346	3.3%	0.5%	3.1%	0.3%
SHARE OF OVERCROWDED UNITS OCCUPIED BY RENTERS								
Anaheim-Santa Ana	75.5%	87.1%	82.3%	84.4%				
Los Angeles	78.7%	83.2%	77.8%	91.3%				
Riverside/San Bernardino	65.2%	74.8%	68.9%	72.4%				
Sacramento	N/A	N/A	75.4%	91.1%				
San Diego	77.2%	87.9%	77.0%	91.5%				
San Francisco/Oakland	76.5%	85.5%	79.4%	80.5%				
San Jose	65.6%	71.6%	74.6%	85.9%				
California Metro Areas	95.0%	51.7%	97.8%	55.1%				

Source: American Housing Survey, Core National and Metropolitan Series, various years.

of renters increased by about 7.2 percent. Overcrowding for owners decreased by 6.7 percent and severe overcrowding for owners decreased significantly. Renters thus disproportionately concentrated in overcrowded housing within the State, reflecting increasing household sizes competing for a finite available supply of larger rental housing units.

The relative change in overcrowding varied within metropolitan areas of the State. Los Angeles, Orange and Santa Clara counties all experienced significantly higher increases in overcrowding than both the statewide rate and other metropolitan areas surveyed by the AHS in the 1988 to 1996 period. The San Francisco/Oakland, Sacramento, and San Bernardino/Riverside metropolitan areas all experienced increased overcrowding, though with lower proportional changes. Only in San Diego did overcrowding not increase significantly after 1990.

With some notable exceptions, changes in overcrowding levels were disproportionately evident in suburban areas of these metropolitan areas. Overcrowding within central cities of the State's metropolitan areas decreased, while overcrowding in suburban areas generally increased (from 5.3 to 7.2 percent of households). This was also true for rental households in central city/suburban locations where overall overcrowding differentials declined (accounting for 12.8 and 12.7 percent of households respectively in 1995). Within individual metropolitan areas, Orange County, Santa Clara County and the San Francisco/Oakland metropolitan areas all had high concentrations of rental overcrowding (5, 2.5 and 2 times suburban rates, respectively).

There are several household traits that characterize overcrowded households within the State. As would be expected, large household sizes continue to be a strong gauge of overcrowding. Based on AHS information, about 40 percent of children living in renter households in 1995 were overcrowded, and about one-sixth of children in rental units were in severely overcrowded households. The relative incidence of overcrowding among children is consistent throughout metropolitan areas (though the actual rates vary).

While the presence of children was the most significant indicator of potential overcrowding, single-parent households, households with three or more adults, and multiple-family households all experienced a significant increase in overcrowding in the 1988 to 1996 period. One-quarter of all overcrowded rental households (as well as severe overcrowded households) contained more than one family. Overall, 54 percent of all households (including both owner and renter households) with more than one family were overcrowded in urban areas in 1995. These trends were evident in all metropolitan areas surveyed during the 1992 to 1996 period. Within metropolitan California, overcrowded households were most concentrated in households with a head of household in the 35 to 44 age group (37 percent of total overcrowding and nearly 45 percent of all households were in this age group). However, overcrowding was also strong for younger households (head of household in the 25 to 34 age group); one-third of overcrowded households and over one-quarter of severely overcrowded households. However, the relative composition of overcrowded households varied strongly within individual metropolitan areas, with overcrowding in both San Diego and Orange counties more concentrated in these younger households (25-34), while San Francisco had significant concentrations of older households (55+) than other areas within the State.

Overcrowded households are disproportionately concentrated in Hispanic households throughout the State. While Hispanic households accounted for about 22 percent of the State's metropolitan population (based on 1995 AHS information), over two-thirds of overcrowded households and three-fourths of severely overcrowded households were Hispanic. Nearly one-third of all Hispanic renter

households were overcrowded – more than three times the rate of any other racial/ethnic group within the State. For instance, non-hispanic white households comprise nearly half of all renter households, but account for only 4 percent of overcrowded rental units.

Not only did Hispanic households account for a disproportionate share of overcrowded households, during the 1988 to 1996 period, the rate of overcrowding for Hispanic households increased more rapidly than other households. With the exception of the San Jose PMSA (where overcrowding in Asian households accounted for 40 percent of metropolitan change), Hispanic household overcrowding accounted for more than three times that of any other household type. This is not to indicate that overcrowding is confined to Hispanic households. Overall within metropolitan areas, Black households experienced the greatest percentage increase during the period (more than doubling between 1989 and 1995). In both the San Jose and Los Angeles MSAs, the number of Asian households that were overcrowded increased significantly, nearly doubling in Los Angeles and almost tripling in the San Jose PMSA.

Within differing race/ethnicity groups, specific household types experienced greater proportionate growth over this period. For instance, over 80 percent of severely crowded white households consisted of two adults without children (presumably a couple living in a studio unit). In contrast, single parents with children were a stronger component of overcrowded black households (accounting for over one-quarter of overcrowded black households). For both Hispanic and Asian overcrowded households, a greater proportion were married couples with children (about two-thirds and 80 percent respectively).

The size and availability of housing units also impacts overcrowding. If housing supplies are such that households, particularly large renter households, cannot find appropriately sized housing units, it is inevitable that households will face overcrowding. In each of the metropolitan areas surveyed, the underlying supply of large-unit stock is not sufficient to permit renter households to avoid overcrowding (ignoring any mismatch between housing price and income).

In summary, it appears that there are several household and market characteristics that contribute to overcrowding. Large household size, high number of children per household, and low incomes all are related to overcrowding. Hispanic households tend to be disproportionately characterized by these factors, contributing to the relative concentration of these households in overcrowded housing units within the State. Finally, the limited availability of large rental units contributes to overcrowding, particularly for large rental households throughout the State.

Affordable Rental Housing At Risk of Conversion[19]

One of California's foremost housing problems is the potential loss of affordability restrictions on a substantial portion of the government-assisted rental housing stock. As of mid-1998, there were more than 3,200 such privately-owned multifamily rental developments in California, which included more than 186,000 housing units.[20] This housing sheltered an estimated 375,000 to 450,000 people, many of whom are very low-income elderly individuals and families with children. Much of this housing is "at-risk" of conversion from affordable housing stock reserved predominantly for lower-income households, to market-rate housing (see Table 27).

Several government programs, with different regulatory standards, were used to finance these properties, and thus, the nature of the risk of conversion differs. The eligibility of these properties for conversion from low-income use is both immediate and continuing beyond 2010. The

Table 27

AFFORDABLE PROJECTS AND UNITS AT RISK OF CONVERSION (FROM 1997)

	PROJECT BASED SECTION 8 (a)		OLDER-ASSISTED PP-ELIGIBLE (b)		SECTION 8 MOD REHAB		BMR UNITS - TAX EXEMPT BOND (c)		SECTION 515		TOTAL PROJECTS (d)	
	Projects	Units	Projects	Units	Projects	Units	Projects	Units	Projects	Units	Projects	Units
Greater Los Angeles Metro												
Los Angeles	723	39,374	112	8,090	na	1,630	201	8,154	-	-	980	53,203
Orange	56	4,406	3	441	na	508	60	3,667	-	-	118	8,802
Riverside	48	3,078	2	331	na	545	54	2,322	40	2,159	143	8,270
San Bernardino	41	3,299	6	771	na	156	70	3,227	16	716	130	7,784
Ventura	10	616	4	379	na	163	17	908	-	-	29	1,877
Imperial*	15	413	-	-	na	82	-	-	27	1,058	42	1,553
Greater Los Angeles Metro Total	**893**	**51,186**	**127**	**10,012**	**-**	**3,084**	**402**	**18,278**	**83**	**3,933**	**1,442**	**81,487**
Bay Area Region												
San Francisco	89	8,042	4	394	na	544	11	976	-	-	102	9,759
Marin	21	742	1	56	na	33	8	486	-	-	30	1,289
San Mateo	50	1,465	1	102	na	131	5	305	-	-	56	1,952
Santa Clara	80	7,014	4	463	na	271	24	1,557	-	-	106	9,074
Alameda	91	6,626	5	451	na	879	31	1,420	-	-	125	9,151
Contra Costa	42	3,437	-	-	na	248	28	1,392	-	-	70	5,077
Sonoma	22	1,297	-	-	na	128	14	634	8	304	44	2,363
Solano	23	1,471	3	288	na	92	7	657	3	96	35	2,460
Napa	8	391	-	-	na	35	2	38	-	-	10	464
Bay Area Region Total	**426**	**30,485**	**18**	**1,754**	**-**	**2,361**	**130**	**7,465**	**11**	**400**	**576**	**41,588**
Sacramento Region												
Sacramento	105	5,897	30	1,614	na	79	25	1,686	-	-	145	8,469
Placer	9	456	3	170	-	-	1	124	13	663	25	1,328
El Dorado	5	313	-	-	-	-	-	-	10	364	15	677
Sutter	4	165	2	144	-	-	-	-	5	148	10	385
Yuba	5	439	1	76	-	-	1	28	5	223	12	728
Yolo	21	880	1	95	-	-	9	466	4	148	35	1,542
Sacramento Region Total	**149**	**8,150**	**37**	**2,099**	**-**	**79**	**36**	**2,304**	**37**	**1,546**	**241**	**13,129**
Central Valley Region												
Fresno	38	3,027	7	518	na	191	26	1,938	31	1,479	99	6,894
Madera	2	121	-	-	-	-	1	136	5	174	8	431
Kern	32	1,261	9	290	na	74	2	310	26	1,022	65	2,812
San Joaquin	19	1,399	3	240	-	-	3	272	1	42	25	1,833
Stanislaus	14	1,108	2	142	na	75	7	430	7	303	29	1,987
Merced	8	364	1	46	-	-	6	270	18	758	33	1,415
Tulare	10	658	2	105	na	106	4	173	34	1,561	49	2,551
Kings*	6	286	-	-	-	-	2	118	17	750	25	1,154
Central Valley Region Total	**129**	**8,224**	**24**	**1,341**	**-**	**446**	**51**	**3,647**	**139**	**6,089**	**331**	**19,077**
San Diego	**94**	**9,818**	**5**	**138**	**na**	**948**	**39**	**2,574**	**1**	**32**	**137**	**13,441**
Central Coast Region												
Monterey	11	557	2	150	na	135	5	355	3	150	20	1,272
San Luis Obispo	8	305	1	44	-	-	1	25	8	371	18	723
Santa Barbara	10	570	-	-	na	21	15	176	1	28	26	795
Santa Cruz	18	1,477	-	-	na	348	6	501	-	-	24	2,326
San Benito*	1	48	1	115	-	-	-	-	6	188	8	294
Central Coast Region Total	**48**	**2,957**	**4**	**309**	**-**	**504**	**27**	**1,057**	**18**	**737**	**95**	**5,410**

Table 27 (continued)

AFFORDABLE PROJECTS AND UNITS AT RISK OF CONVERSION (FROM 1997)

	PROJECT BASED SECTION 8 (a)		OLDER-ASSISTED PP-ELIGIBLE (b)		SECTION 8 MOD REHAB		BMR UNITS - TAX EXEMPT BOND (c)		SECTION 515		TOTAL PROJECTS (d)	
	Projects	Units	Projects	Units	Projects	Units	Projects	Units	Projects	Units	Projects	Units
Northern California Region												
Butte	14	679	4	274	na	80	3	133	7	488	26	1,517
Shasta	7	336	-	-	na	228	-	-	11	529	18	1,093
Tehama*	6	295	2	94	-	-	1	46	9	390	17	778
Glenn*	2	114	-	-	-	-	-	-	7	279	9	393
Colusa*	3	102	-	-	-	-	-	-	6	259	9	361
Northern California Region Total	**32**	**1,526**	**6**	**368**	**-**	**308**	**4**	**179**	**40**	**1,945**	**79**	**4,142**
NON-METROPOLITAN AREAS												
Northern California Non-metropolitan Region												
Del Norte*	-	-	-	-	-	-	1	56	4	180	5	236
Humboldt*	7	488	-	-	-	-	-	-	8	337	15	825
Mendocino*	11	447	-	-	na	96	-	-	16	636	27	1,179
Lake*	5	208	-	-	-	-	-	-	10	382	15	590
Siskiyou*	12	365	3	108	-	-	-	-	8	325	22	744
Modoc*	2	111	1	64	-	-	-	-	2	60	5	203
Trinity*	-	-	-	-	-	-	-	-	2	64	2	64
Lassen*	2	61	1	64	-	-	-	-	7	294	10	387
Plumas*	1	47	-	-	na	49	-	-	8	271	9	367
Sierra*	-	-	-	-	-	-	-	-	1	50	1	50
Nevada*	-	-	1	80	-	-	-	-	10	515	11	555
Northern California Non-metropolitan Region Total	**40**	**1,727**	**6**	**316**	**-**	**145**	**1**	**56**	**76**	**3,114**	**120**	**5,200**
Central-Southern California												
Amador*	2	112	-	-	-	-	-	-	5	196	7	308
Alpine*	-	-	-	-	-	-	-	-	-	-	-	-
Calaveras*	2	27	-	-	-	-	-	-	5	187	7	214
Tuolumne*	3	106	-	-	-	-	1	39	9	426	13	571
Mariposa*	-	-	-	-	-	-	-	-	4	126	4	126
Mono*	-	-	-	-	-	-	-	-	-	-	-	-
Inyo*	1	6	-	-	-	-	-	-	1	34	2	40
Central-Southern California Total	**8**	**251**	**-**	**-**	**-**	**-**	**1**	**39**	**24**	**969**	**33**	**1,259**
Other (e)						**87**	**32**	**1,438**			**32**	**1,438**
Metropolitan Counties	**1,738**	**111,088**	**218**	**15,812**	**na**	**7,648**	**686**	**35,340**	**257**	**11,758**	**2,790**	**173,740**
***Non-metropolitan Counties**	**81**	**3,236**	**9**	**525**	**na**	**227**	**5**	**259**	**172**	**7,007**	**263**	**10,992**
TOTAL CALIFORNIA	**1,819**	**114,324**	**227**	**16,337**	**-**	**7,962**	**723**	**37,037**	**429**	**18,765**	**3,085**	**186,170**

Notes:

(a) Project-based Section 8 data from 1997 HUD Inventory. Because many projects have more than one contract, there are actually more contracts than projects. Figures are subject to renewal activity since 1996.

(b) Approximately 50% of Older-Assisted Prepayment Eligible units are also Project Based Section 8 developments; thus, some of these units overlap, an exact number is unknown.

(c) This section represents below market-rate units in projects funded with tax exempt bonds, including CHFA regulated non Section 8 projects.

(d) Total columns represent all numbers from all funding sources. Only 50% of units are counted from the older-assisted prepayment eligible stock (see note "a" above).

(e) Other for Section 8 Moderate Rehab is: "California Non-specified; Other for targeted tax exempt bond financed units is: "Multiple Counties"

Sources:

1) Project Based Section 8: HUD Inventory, November 1996; entire universe expiring units starting in 1996.

2) Older-assisted Pre-Payment Eligible: California Housing Partnership Corporation Research; entire universe expiring units starting in 1996.

3) Section 8 Moderate Rehab: HUD Profile, total universe of Section 8 Moderate Rehab as of June 1996.

4) Tax-exempt Bond Financed projects with expiring below market rate (BMR) units: Table III-2 "Units in Occupied Projects: Multifamily Housing", 1996 Annual Summary: The Use of Housing Revenue Bond Proceeds, California Debt and Investment Advisory Commission; entire universe expiring units starting in 1996; source for CHFA-regulated units: California Housing Finance Agency 1996-1997 Statistical Supplement to Annual Report, Section IV-1 - Asset Management

5) Section 515: Department of Rural Housing Services

timing of the number of at-risk units peaks, however, in relation to the conversion eligibility of the Section 8-assisted portion of the stock. More than 80 percent (92,000) of these units have Section 8 contracts expiring by 2005.

HUD and FmHA-Assisted Housing

Approximately 80 percent of the 186,000+ properties were federally assisted by mortgage insurance, low-interest loans, and project-based rental subsidies (Section 8). This housing resulted from the primary affordable rental housing production programs of the federal government from the late 1960s through the early 1980s. These properties constitute a substantial share of the State's existing government-assisted rental housing stock for lower-income households.[21]

Under these programs, the federal government (HUD and what was then the Farmer's Home Administration, or FmHA)[22] provided subsidies to developers that led to the production of approximately 150,000 units. These include Section 515 properties, and those created by the HUD 221(d)(3) and 236 programs (referred to as "older-assisted" properties), and other project-based Section 8 properties. The first phase of these properties began converting to market-rate in the late 1980s, prompting federal enactment of the Emergency Low-Income Housing Preservation Act (ELIHPA) in 1986. In 1990, ELIHPA was succeeded by the Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA). Both programs prevented owners from converting properties to market-rate; instead these programs provided financial compensation in exchange for new 20-50 year affordability restrictions, thereby continuing federal responsibility for preserving the affordability of this housing. HUD provided well over half a billion dollars to California projects through the ELIHPA and LIHPRHA programs, covering nearly 100 percent of all preservation costs. Since 1996, however, the risk of conversion of the HUD-insured portion of the at-risk stock has increased markedly due to the loss of assistance from these programs and the restoration of a direct conversion option.

Between the spring of 1996 (when the prepayment rights of owners were restored by Congress) and late 1997, owners of nearly 6,300 of the remaining older-assisted, prepayment-eligible units in California prepaid mortgages and converted to market-rate use. As of spring of 1998, an additional 1,400 units were in the pipeline for doing so. Although tenant vouchers can be used for transition, one-third of the units from the older-assisted stock were converted within approximately 18 months of eligibility. As of May 1998, there were approximately 16,300 additional units of older-assisted stock still eligible to convert from restricted to market-rate use. In the absence of some preservation incentives to current owners or potential purchasers, it is likely that additional "older-assisted" units will be converted and will reduce the affordable housing stock.

Section 8 contracts, which were originally issued for 15-20 year terms, are now subject to annual renewal. Upon expiration of the Section 8 contract, owners are generally under no obligation to accept a contract renewal and maintain the affordability of the units to lower-income households. Section 8 assisted properties include both the HUD older-assisted properties (approximately half of these), and newer assisted properties which were generally financed by HUD under the Section 221(d)(4) program, or by the California Housing Finance Agency (CHFA).

In late 1997, Congress enacted the Multifamily Assisted Housing Reform and Affordability Act (MAHRAA), which substantially alters how Section 8 subsidies are provided. This new law, which took effect on October 1998, is intended to control costs and introduce reforms in the Section 8 program. Under this program, State and local government will assume newly delegated responsibilities, whereby the CHFA[23] plans to serve as a "participating administrative entity" (PAE) for the implementation of the MAHRAA program to restructure eligible Section 8 assisted properties.

California's experience with market-rate conversion of the older-assisted stock suggests that 15-20 percent of the owners of the Section 8 inventory are likely to opt-out of project-based Section 8 and terminate their relationship with HUD unless new incentives are created to retain the Section 8 assistance. While some owners will choose to opt-out, other owners may be ineligible to renew their contracts. Owners might be ineligible, if for example, the development is saddled with financial or physical problems, or is located in an area with high vacancies and high contract rents. Thus, a significant number of affordable units could be lost due to owners opting out of subsidy contracts and also because some properties will no longer be eligible for Section 8 assistance. Based on an analysis of Section 8 contracts scheduled to expire during 1998-2000 which are at or below Fair Market Rents, the counties which appear most likely to experience owners opting out of Section 8 contracts are: Alameda, Contra Costa, Los Angeles, Sacramento, San Diego, San Francisco, and Santa Clara.

As of mid-1998, there were approximately 430 projects in California receiving Section 515 funding, representing nearly 18,800 units. In the mid-1980s approximately 1,800 units in 45 projects had their mortgages prepaid. However, subsequent to enactment of ELIHPA in 1987, mortgage prepayment on these properties is only allowed if other subsidies such as Section 8 are available, or if there is sufficient affordable housing in the region. Consequently, in the last 10 years, less than 200 units have been prepaid and no tenants were relocated or otherwise adversely affected. Since these properties are generally not located within high rent areas of the State and as tenants may not be displaced, these units are much less likely to be lost from the affordable stock than the other at-risk properties.

Mortgage-Revenue Bond Assisted Properties

While roughly 80 percent of the rental housing at-risk of conversion from low-income use received direct subsidies from HUD or FmHA, the remaining 20 percent of California's at-risk housing was assisted with (federally-authorized) State or locally-issued mortgage revenue bonds (MRBs). Beginning in the early 1980s, these properties were financed with below-market interest rate mortgages in exchange for restricting a portion of the units for lower-income households for a specified period of time. The rent level restrictions and use restriction period of these properties vary, depending on when they were constructed, and whether other use restrictions apply. Thus, moderate- and low-income tenants may reside in these properties, and the conversion of low-income use restrictions on these properties may affect only a portion of the tenants if a portion of the units already have market-rate rents.

Reliable figures on the portion of the MRB assisted units that are still subject to use restrictions are not currently available. According to the most recent tabulated information (1996), approximately 22,500 units had eligible conversion dates from 1998 until beyond 2010.[24] A large majority of below-market units financed with tax-exempt bonds will convert to market-rate

upon expiration of the rent-targeting requirement. Unlike federally-assisted housing, there is no program or agency such as HUD to provide rental assistance vouchers or other transition assistance.

Summary of Conversion Risk

The nature of the risk of conversion of these units to market-rate rents, and the prospective displacement of the low-income tenants, varies significantly. A number of factors affect the conversion risk of individual properties:

- the options afforded by the program(s) under which a property is financed and regulated (e.g., some properties are no longer eligible for assistance);
- the condition of the local rental housing market, including the relationship of the contract rents to local market rents;
- the physical condition of the property and its ability to command higher rents;
- the nature of its ownership and owner motives (for-profit vs. non-profit);
- the financial stability of the property and the ownership entity; and
- whether there is dedicated government assistance available to extend or preserve the property's low-income use restrictions or assist the tenants.

Due to the tight rental markets in many parts of the State, California has had a level of prepayment and conversion among older-assisted HUD properties that is triple the amount of any other State. Between mid-1998 and the year 2000, based on recent conversion activity, it is quite possible nearly 10,000 affordable units could be lost from the existing affordable federally-assisted housing stock, as well as very high proportion of the MRB-assisted units. A short-term forecast of the distribution of such loss of affordability restrictions might include the following:

- an additional quarter of prepayment-eligible older-assisted developments (approximately 4,000 units);
- 20 percent of the Section 8 assisted properties facing contract expiration (approximately 6,000 units); and
- an undetermined portion of the below-market units in tax-exempt bond projects (approximately 9,000 units are estimated to be eligible for conversion 1998-2000).

This affordable housing is generally most at-risk in the State's highest cost rental markets. While the actual number and location of conversions will depend on factors summarized above, the extent of the pending loss of this scarce housing resource would severely aggravate the State's affordable housing needs.

California's Farmworker Population

Farmworkers and day laborers are an essential component of California's agriculture industry. Farmers and farmworkers are the keystone of the larger food sector, which includes the industries that provide farmers with fertilizer and equipment, farming to produce crops and livestock on farms, and the industries that process, transport, and distribute food to consumers. Almost 18 percent of the American work force is employed in this food sector, which generates about 16 percent of the Gross National Project (GNP).[25]

California's strong agricultural sector functions with farm labor throughout the State. These employees and their families must have access to adequate housing while they are temporarily – or permanently – employed in an area. Far too often they are forced to occupy substandard "homes." Very few California residents have seen the "homes" of many of these farmworkers or day laborers. They often live out of sight to avoid harassment from permanent residents or passing motorists — in undeveloped canyons, fields, and squatter camps, as well as motels, trailers, cars, and back houses.

Estimates of the Farm Labor Population

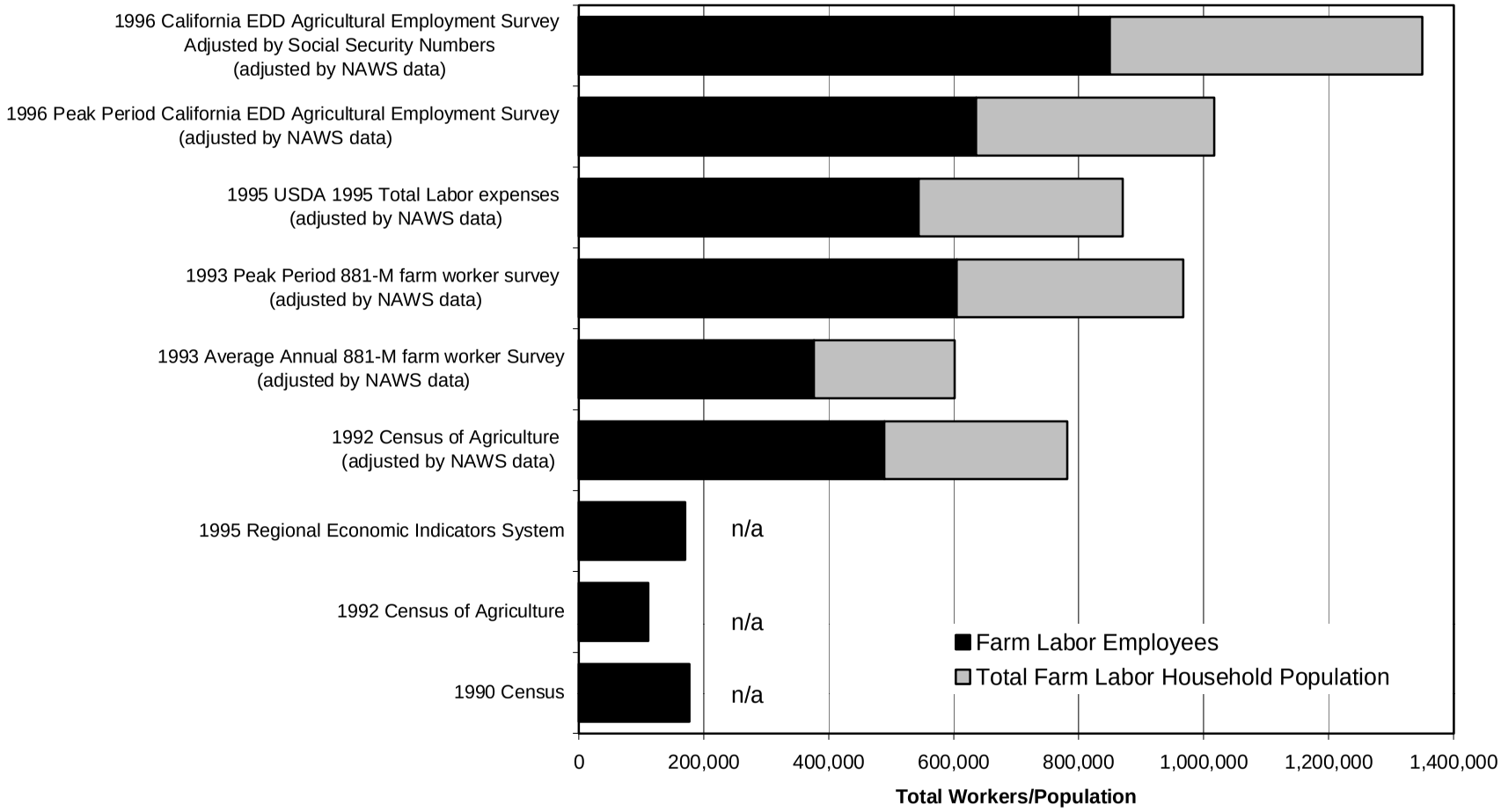
Estimating farmworkers and those households associated with farm work within the State is extremely difficult.[26] Traditional sources of population estimates, including the 1990 Census, have tended to significantly underestimate farmworker population. Moreover, different employment estimation techniques result in diverse estimates of local agricultural employment. Nonetheless, a range of estimates of farmworkers in the State can be derived. Further, by applying assumptions derived from surveys specifically targeted to farmworkers, aggregate population (both workers and households) can be estimated (see Figure 36).[27] These estimates indicate that average annual employment of farmworkers in California is about 350,000, with peak period employment of about 450,000 within the State. This employment is filled by between 650,000 and 850,000 farmworkers within the State. Total population (including family members) associated with these workers is between 900,000 and 1.35 million persons.

Farm labor is unevenly distributed within the State (see Figure 37).[28] More than one-half of agricultural labor within the State is in the San Joaquin Valley Region, while the South Coast and Central Coast regions account for an additional 15 and 14 percent respectively. The Desert Region employs about 10 percent of the statewide farmworkers, while the Sacramento Valley and North Coast regions account for 7 and 3 percent of laborers respectively.

Farm employment varies by season as well as region (see Figure 38). Agricultural employment is seasonal in nature, with each region experiencing peaks that are nearly twice as great as that experienced in the lowest months within a region. Moreover, seasonal peaks differ within the State, ranging from April in the South Coast Region to September in several regions.

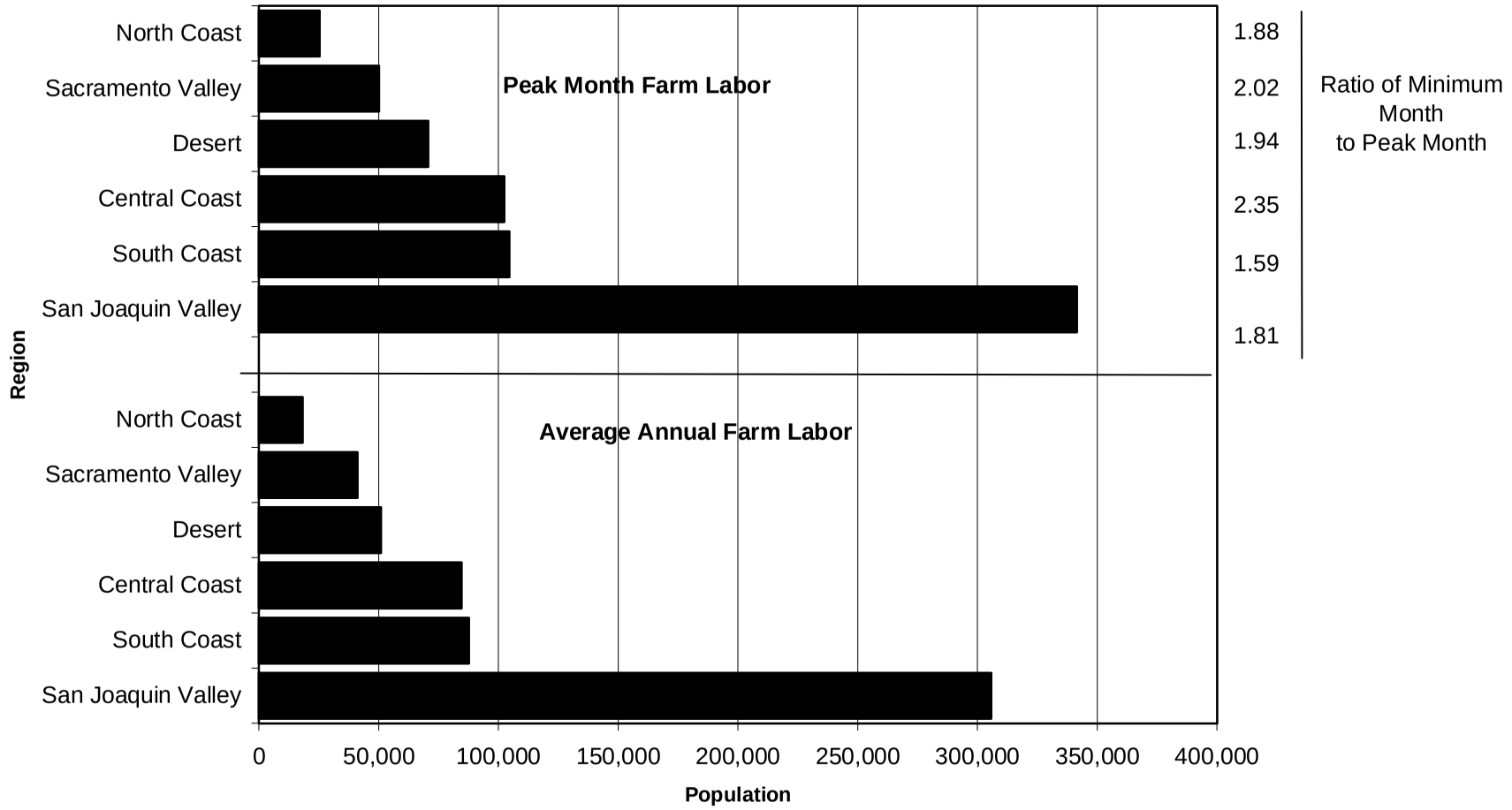
As would be expected, the distribution of farm labor population follows the key agricultural production areas of the State (see Figure 39). There are significant concentrations of farm labor households in Fresno, Tulare, Kern and Monterey counties – all have an average farm labor population that exceeds 50,000 individuals, though other counties in the Central Valley Region (San Joaquin, Stanislaus and Merced) also have high concentrations of farm labor population. In the Southern California Area, San Diego, Riverside and Imperial counties all have relatively high farm labor concentrations. Similarly, along the Central Coast, Ventura, Santa Barbara and Santa Cruz have

Figure 36
Alternative Estimates of Farm Labor for California



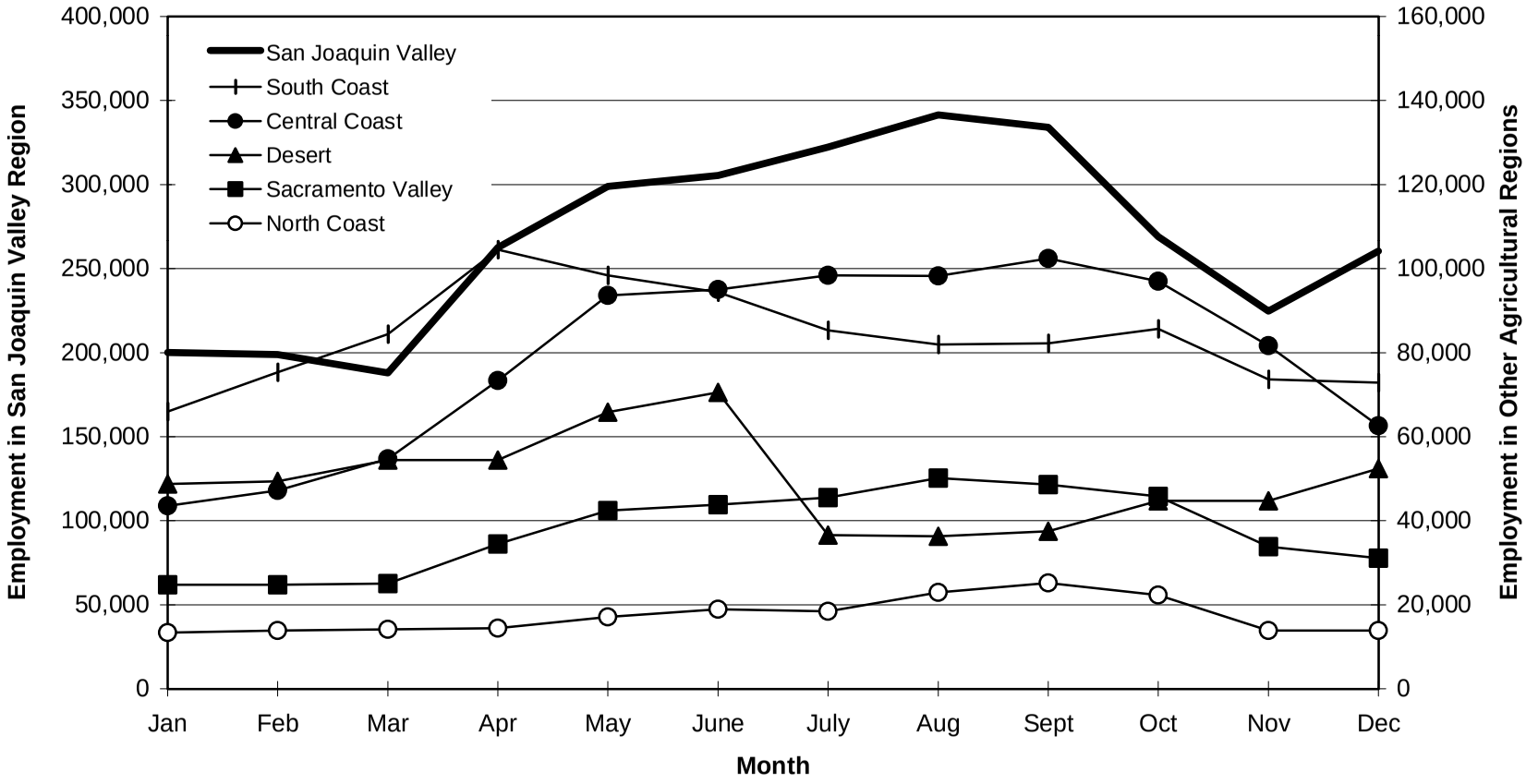
Source: California EDD; University of California, Davis

Figure 37
Estimate of Farm Labor Employment
1996



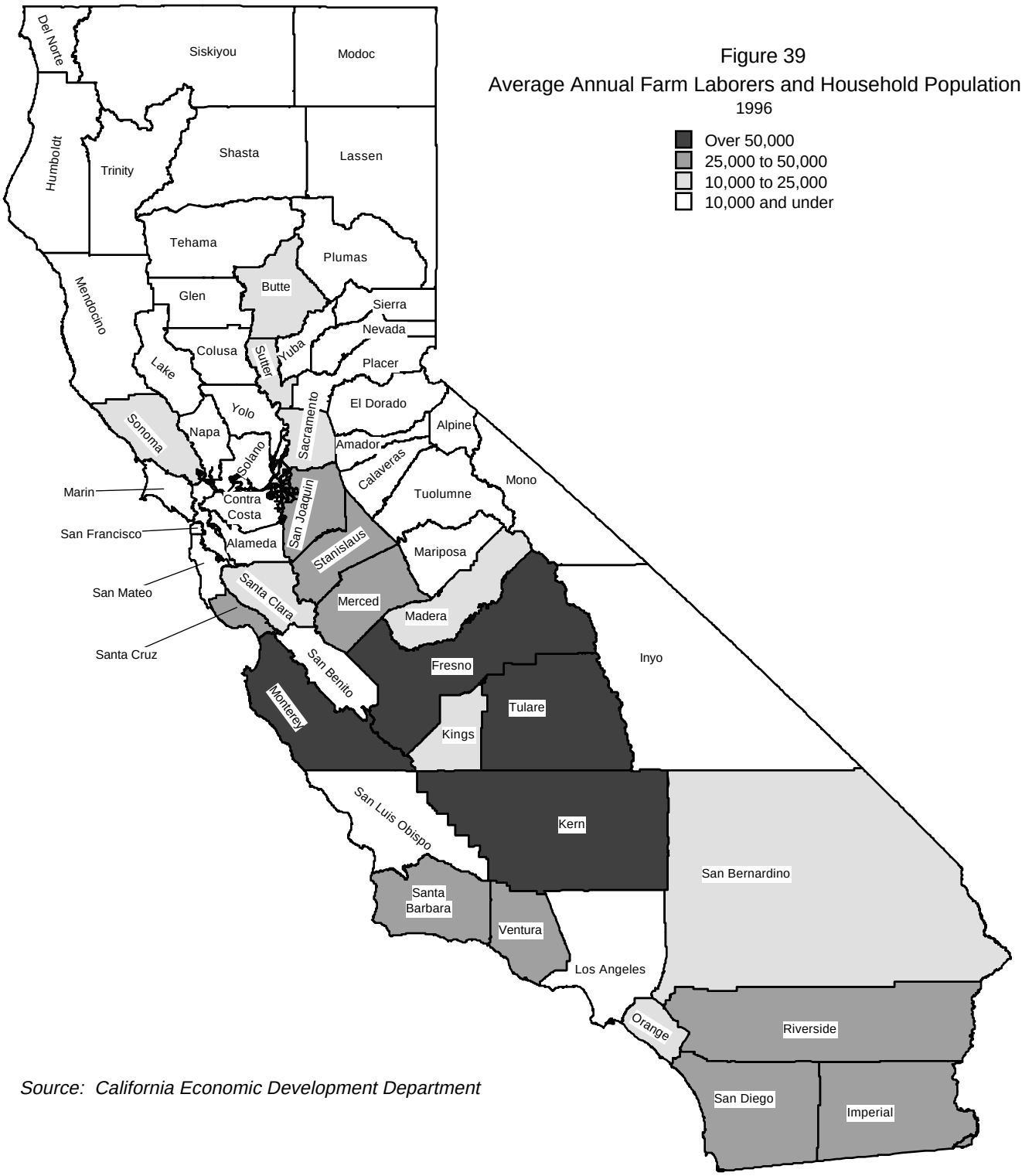
Sources: California Agriculatural Bulletin, National Agricultural Worker Survey.

Figure 38
Monthly Agricultural Employment
(Adjusted by National Agricultural Survey Estimates)
1996



Source: California Agricultural Bulletin, 1996; National Agricultural Worker Survey.

Figure 39
Average Annual Farm Laborers and Household Population
1996



Source: California Economic Development Department

relatively high concentrations of farm labor. While most areas outside the mountain areas of the State are impacted during peak season activities, Riverside, Ventura, and Madera counties experience significant increases in overall farm labor population during these peak periods (see Figure 40).

Distinguishing Characteristics of the Farmworker Population

Details on farmworkers and their households was developed as a part of the National Agricultural Workers Survey (NAWS). There are several key findings of this survey (completed in 1991) that characterize California's Seasonal Agricultural Service (SAS) workers.

In reporting characteristics of farmworkers and household arrangements, it is important to recognize there are distinct groups of workers. These include year-round or "regular workers," recent entrants to the labor market (generally solo and sometimes illegally within the country), and a diverse group in between these extremes (including families, some migrants, and individuals). These groups have distinct housing needs that may vary.

According to 1991 SAS survey data, farmworkers were relatively young, averaging 34 years in age (median 32). Roughly 78 percent of workers were between 18 and 44 years in age. Few workers were under 18 (2 percent) or older than 54 (7 percent). Workers were predominantly male (74 percent), and were nearly universally members of minority groups. More than 91 percent of workers were Hispanic, 8 percent were White, four percent Black, and 2 percent were Native American or Asian.

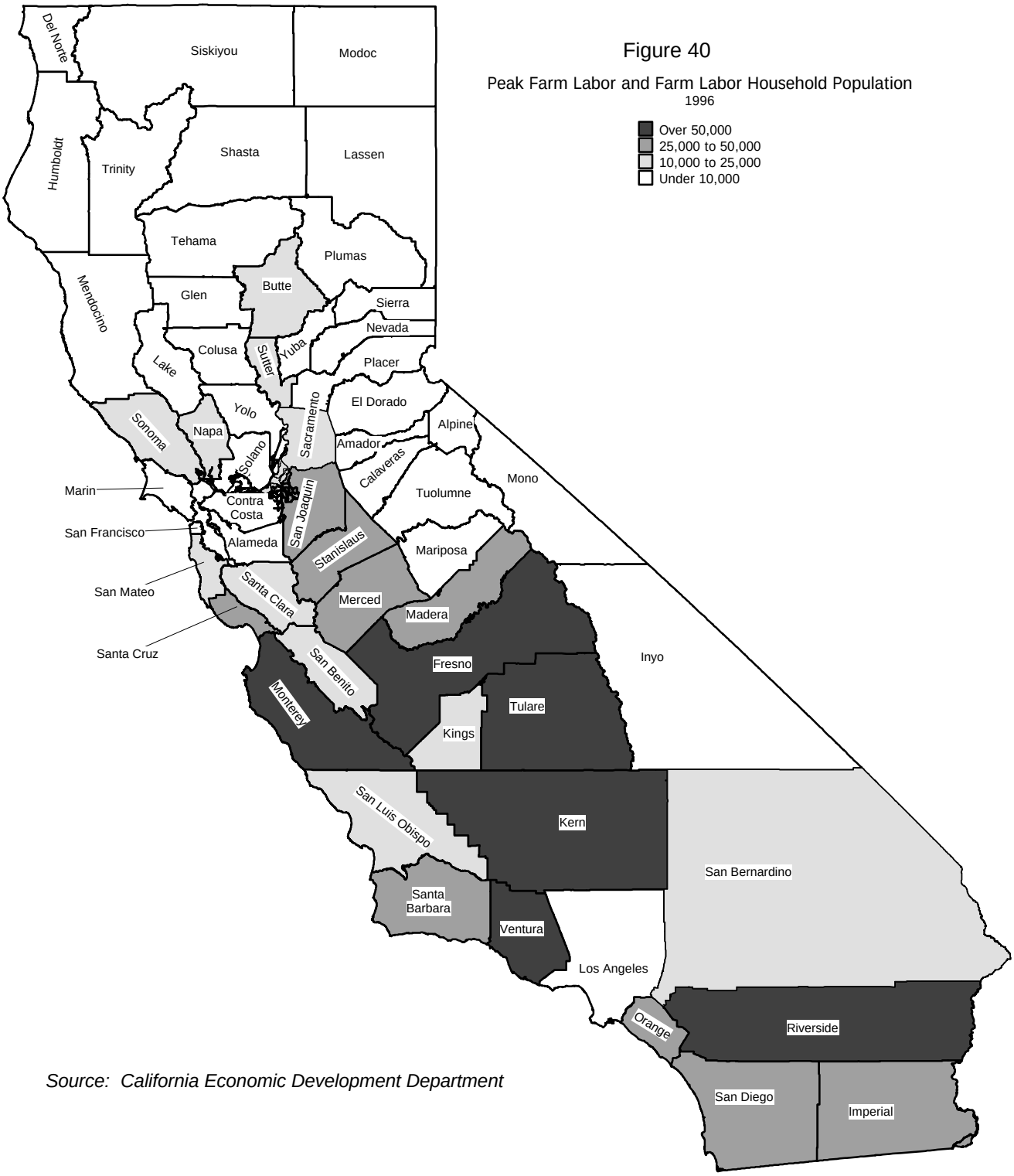
California agricultural employers depend heavily on foreign workers. Approximately 92 percent of the farmworkers in the SAS survey are foreign-born; of which more than four out of five (82 percent) are from Mexico, 2 percent are from other Latin American countries, 6 percent from the Pacific Islands, and 2 percent from Asia. In general, farmworkers within the State are legally eligible to work in the U.S. (91 percent of workers). Workers include citizens, legal permanent residents, legal temporary residents and workers with other types of visas. About one in ten (10 percent) of the farmworkers interviewed in the SAS survey are ineligible for employment in the United States. This proportion should be considered a minimum estimate of unauthorized workers in the labor force, because people who are illegally in the U.S. generally avoid government surveys and try to conceal their status.

Farmworkers are not generally alone. Those who are living with at least one family member while engaged in farm work are "accompanied."[29] Three of five (60 percent) farmworkers are accompanied by a spouse, child or parent. The median number of children in families of farmworker parents is two, and the mean is three. Most California farmworkers who are parents and reside with their families at the work site (85 percent) are married.

Only about 22 percent of farmworkers were single workers, unaccompanied by family members (workers living apart from their parents, spouses, and children at the time of the interview are considered "unaccompanied" by the NAWS). Another 18 percent are parents or married workers not living with their spouses and/or children and parents and are considered unaccompanied. A total of 30 percent of farmworker parents do not live with their children. One-third of all the children of farmworkers live away from their parents.

Figure 40

Peak Farm Labor and Farm Labor Household Population
1996



Source: California Economic Development Department

Households of parents and married workers, with or without children, often serve as "anchor" families for relatives and friends, many of whom are otherwise considered "unaccompanied." It is common for married California farmworkers without children to live with their spouse and one other person in a three-person household. One sibling or extended family member is present in 20 percent of all parent and married worker households, and one non-family member in 51 percent of them.

Single and childless farmworkers residing with their parents have households that average four immediate family members over the age of 14. This typically includes the worker, two parents, and one sibling. These families sometimes include other relatives or non-family members. One household in eight includes an extended family member, and one in two a non-family member. The households of single farmworkers who live away from parents average three people, usually including one sibling.

It should be noted that these findings are based on NAWS data gathered early in the decade. More recent data from the 1994-95 National NAWS, not specific to California, found a marked difference in the farmworker population from this survey. For example, 1994-95 National NAWS found that a majority of farmworkers now do U.S. farm work away from their nuclear families. According to this survey, 44 percent of farmworkers in FY 1994-95 were accompanied by a spouse, a child, or a parent who lived in their households. This percentage declined since FY 1990-91, when three-fifths (61 percent) of farmworkers lived with a spouse, a child, or a parent.[30]

This later survey also found that although most adult farmworkers were married, a sizeable percentage of them lived without their spouses while doing farm work. Two-fifths of married farmworkers were interviewed while living away from their spouses. The proportions of farmworkers living without their spouses varied strikingly by the gender and the national origin of the farmworker. One-half of the married male farmworkers lived without their wives, while only 9 percent of the married female farmworkers lived without their husbands. One-half of the foreign-born married workers lived without their spouses, while only 16 percent of the U.S.-born workers were without their spouses.[31]

The National NAWS claimed that these observed changes served as evidence of a growing migration pattern among Mexican farmworkers employed in the U.S. in which the men enter the United States prior to their wives. Among female Mexican farmworkers only 11 percent came before their husbands to the U.S. Among the males, 67 percent came before their wives. A minority of couples entered the U.S. at the same time; this pattern accounted for 30 percent of the female and 22 percent of the male farmworkers.

The Parlier Survey, conducted in 1997 had findings that are consistent with the later NAWS findings, but also included an expanded analysis to look at demographic characteristics of individuals and households by housing characteristics.[32] The study found it was useful to break down the data for "front houses"and "back houses" to better understand the under-counted population. This method not only paints a clearer picture of the farmworker population missed during the 1990 Census count, but also describes the most crowded and substandard dwelling conditions.

The "front houses," (dwellings most likely to be captured by the U.S. Census sampling frame) have a much lower incidence of single men living together, and are more likely to be inhabited by nuclear families. The study also found that the front houses have a higher percentage of female-headed families, and are more likely to be headed by single females than single males, unlike the back houses.

The Parlier study found a high likelihood of overcrowding in the "back houses" (as these dwellings are seldom larger than the front houses). Inhabited by large groups, and substandard to begin with, the back houses were also fraught with serious health and sanitation problems. The back houses were also much more likely to be inhabited by extended families and groups of single men. A few of the sample back houses contained ten or more single men.

Further evidence of an abundance of single men is shown by the high percentage of males in the back house population, nearly two-thirds compared to one-half males living in the front houses. Commonly the back houses have no indoor plumbing, or a single bathroom serving several apartments and large numbers of residents. Telephones are also unlikely to be found in the back houses.

In summary, there are several key conclusions that can be drawn regarding the farmworker population:

- Total production farmworkers in California are estimated at between 490,000 and 650,000.
- Total farmworker population in California (workers + nonworking family members) is between 900,000 and 1,350,000.
- The average California farmworker is relatively young, male, Hispanic and legally working in the United States.
- In the early 1990s, most California seasonal farmworkers were accompanied by a spouse, child or parent during their farm-working period.
- By the mid-1990s, it appears that the proportion of single male households had increased significantly. It is anticipated that California-specific estimates, to be published later this year, will echo this trend.
- Most government-sponsored housing programs for farmworker populations are designed to accommodate households modeled on the American nuclear family. Farmworker households, often comprised of extended family members or single male workers, tend not to be congruent with this model and as a result many are under-served through these channels.

Distinctive characteristics of farmworker households are as follows:

- They tend to have high rates of poverty. California farmworkers in 1990 earned an average of only $7,320. A study by California researchers of how immigration is transforming rural communities identified some of the highest rates of welfare dependency in the State's agricultural counties.[33]
- They live disproportionately in housing which is in the poorest condition.
- They have very high rates of overcrowding - In 1990, half of farmworkers lived in over-crowded housing, including 31.4 percent who lived in severely overcrowded units.
- They have a low homeownership rate (only 35.6 percent in 1990).
- They are predominantly members of minority groups (largely Hispanic).

- They have among the largest household sizes in the state - In 1990, more than 60 percent of both owner and renter farmworker households included for or more persons; and 18.2 percent were seven or more person households.

In summary, farmworkers have major housing problems resulting from low incomes, large household sizes relative to available housing stock, and the high mobility of many farmworkers. They tend to live in rural areas which have the highest proportions of substandard housing in the State, and are chronically unable to find adequate housing. When they do find private low cost housing, it tends to be of poor quality, small, or both.

Acute housing shortages occur during periods of peak harvest time in rural areas away from cities. Rural housing markets and State or employer-provided migrant housing centers have insufficient capacity to absorb large influxes of temporary workers. These circumstances lead to doubling up in overcrowded housing conditions, using buildings not intended for residential use as housing, and homelessness.

Homeless Population in California

Homeless individuals and families face the ultimate housing deprivation. In the worst circumstances, these individuals and households may be living in places not meant for human habitation. "Homes" may include cars, parks, sidewalks, alleys, parking ramps, or door stoops; or homeless individuals may be squatters – in abandoned buildings, roofs, stairwells, farm out-buildings or garages (among other locations). In addition, homeless persons may be in "public" accommodations, including emergency shelters or transitional housing. They share a common attribute: a person is considered homeless when the person or family lacks a fixed and regular night-time residence, or has a primary night-time residence that is a supervised publicly-operated shelter designated for providing temporary living accommodations or is residing in a public or private place not designated for, or ordinarily used as, a regular sleeping accommodation for human beings.[34]

One other characteristic is common to the homeless – it is very difficult to reliably estimate the numbers of homeless people. Because homeless people are transient in nature and sometimes illegally occupying space, it is difficult, if not impossible, to identify all locations where people find shelter. As the 1990 Census count illustrated, it is extremely difficult to obtain an accurate count of the homeless, in particular because there is no valid data to represent homeless persons in unsheltered locations (such as parks, cars, etc.).

A full census of homelessness within the State is beyond the scope of this report. Instead, this report draws on a variety of local documents to generate estimates of homeless individuals and families within localities within the State. This document does not purport to sanction (or refute) the estimates of local jurisdictions. Instead, the presentation is designed to present the diverse, individual sources developed at the local level to allow State policy-makers to understand the relative location and general magnitude of the homeless, and some of the general characteristics of this population. As such, the discussion that follows should be viewed only as a starting point for understanding the overall situation of homeless individuals and families within the State.

Several documents were analyzed to develop the information presented below. As part of the requirements for receiving federal homeless assistance, entitlement communities (including 26 counties or major cities within the State) submitted Continuum of Care Plans to the U.S. Department of Housing and Urban Development (HUD), detailing estimates of the number and types of

households that were homeless in the 1996/1997 period. In addition, for areas without Continuum of Care Plans, the following discussion draws on local Consolidated Plans and other local agency documents. In seven counties, no local estimate of homelessness was available. In these areas, while information was gathered on requests for homeless assistance for Temporary Assistance for Needy Families (TANF)/CalWorks or other sources that target homeless assistance, the information provided a "general" notion of homelessness, though it appeared to significantly underestimate overall homelessness.

In gathering information, to the degree possible, the information was presented based on a "gap analysis" – to estimate the number of people who are homeless at a given time, on an average day (referred to as point prevalence or point-in-time).[35] For a variety of reasons, the estimates presented below, while indicative of the homelessness within the State, should generally be taken as a broad minimum measure of the underlying homeless population within the State.[36]

Based on these local source documents and discussions with homeless providers, the total homeless population was estimated at approximately 361,000 in the 1996/1997 period, representing approximately 1.1 percent of State population in 1997 (see Figure 41, Figure 42 and Table 28). While homeless individuals and families were present in every county, the greatest concentrations by both number and share of population were concentrated in metropolitan areas, particularly in the largest urban centers within the State (particularly Los Angeles and San Francisco). However, significant concentrations of the homeless population were also present in areas surrounding these cities and along most of the Pacific Coast. Similarly, major cities within the Sacramento and Central Valley regions also revealed concentrations of homeless persons.

Statewide, nearly two-thirds of the homeless are individuals, with about 37 percent of the population in families. Local facilities to assist these individuals and families are insufficient to meet overall need. Local sources estimate that there is a sufficient inventory of available facilities to meet the needs of only about one in six homeless individuals, and only one in five homeless families. These sources estimate housing resources to meet the needs of approximately 68,000 individuals and families (with a shortfall of over 290,000 units (including 185,000 beds/units for individuals and over 105,000 units for families). Based on available evidence, it appears that non-metropolitan areas tended to have a greater proportion of families than metropolitan areas, though biases in the sources of information (CalWorks applications) may account for the variation in non-metropolitan area composition.

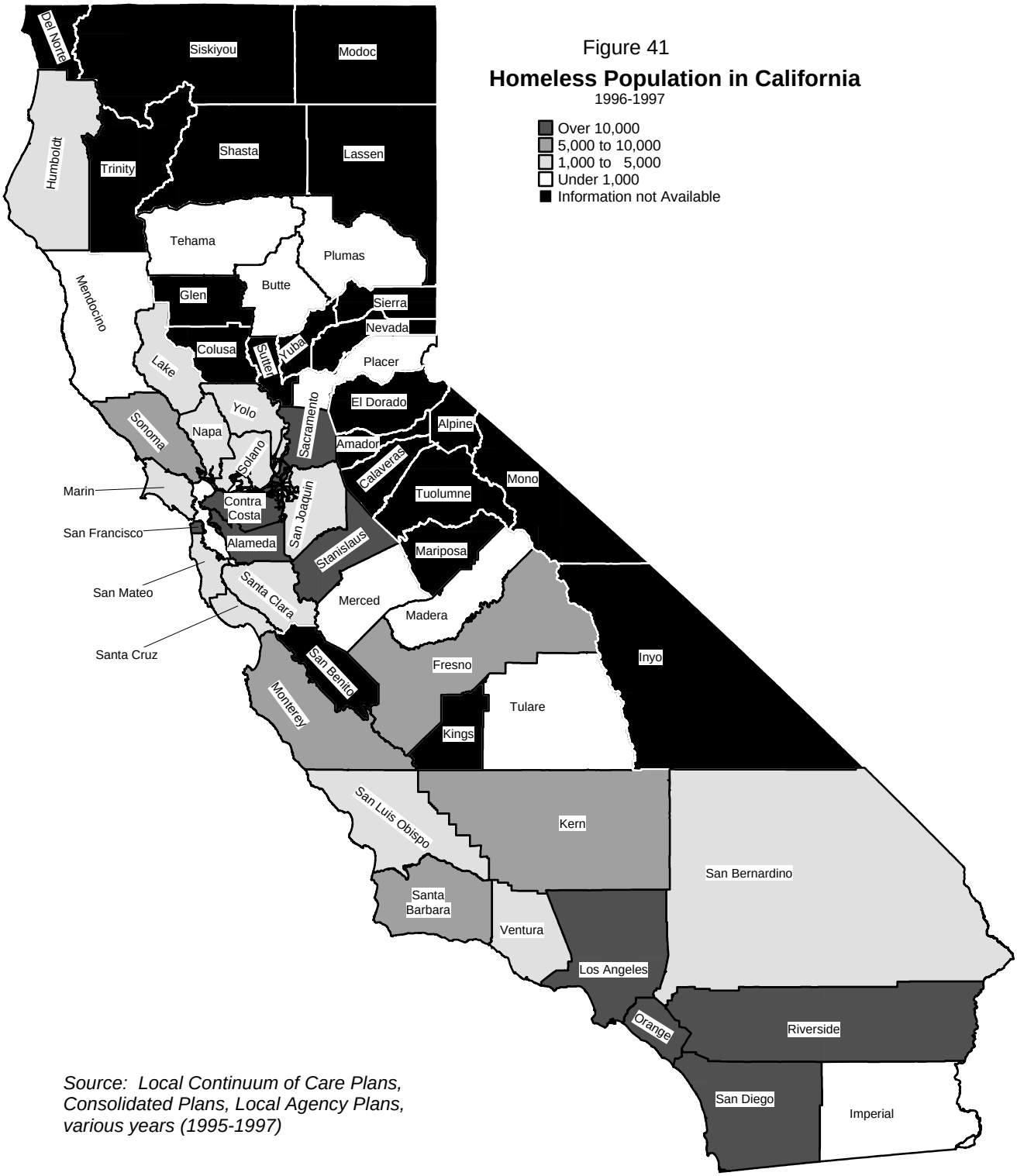
While there is variation in the composition of the homeless population within localities, the overall composition of homelessness within individual regions is generally consistent with the statewide composition of individuals and households. However, individuals appear to be more concentrated in the major urban centers and along the Pacific Coast between San Francisco and Los Angeles. While there are several locations that report significant variation from the overall statewide composition, it is not clear if the underlying distribution of homeless needs systematically varies from this general pattern.

These sources estimate that the greatest need for housing is certainly permanent housing for the homeless population (estimated at 37.7 percent of overall need). Given the underlying issues of affordability and rent burdens discussed earlier in this report, the need for permanent housing for the homeless population is understandable. However, alternatives to transitional housing are also needed (see Table 29).[37] To meet short- and long-term needs of homeless families and individuals, local sources estimate that 27 percent of all need is for emergency shelter, while an additional 35

Figure 41

Homeless Population in California

1996-1997

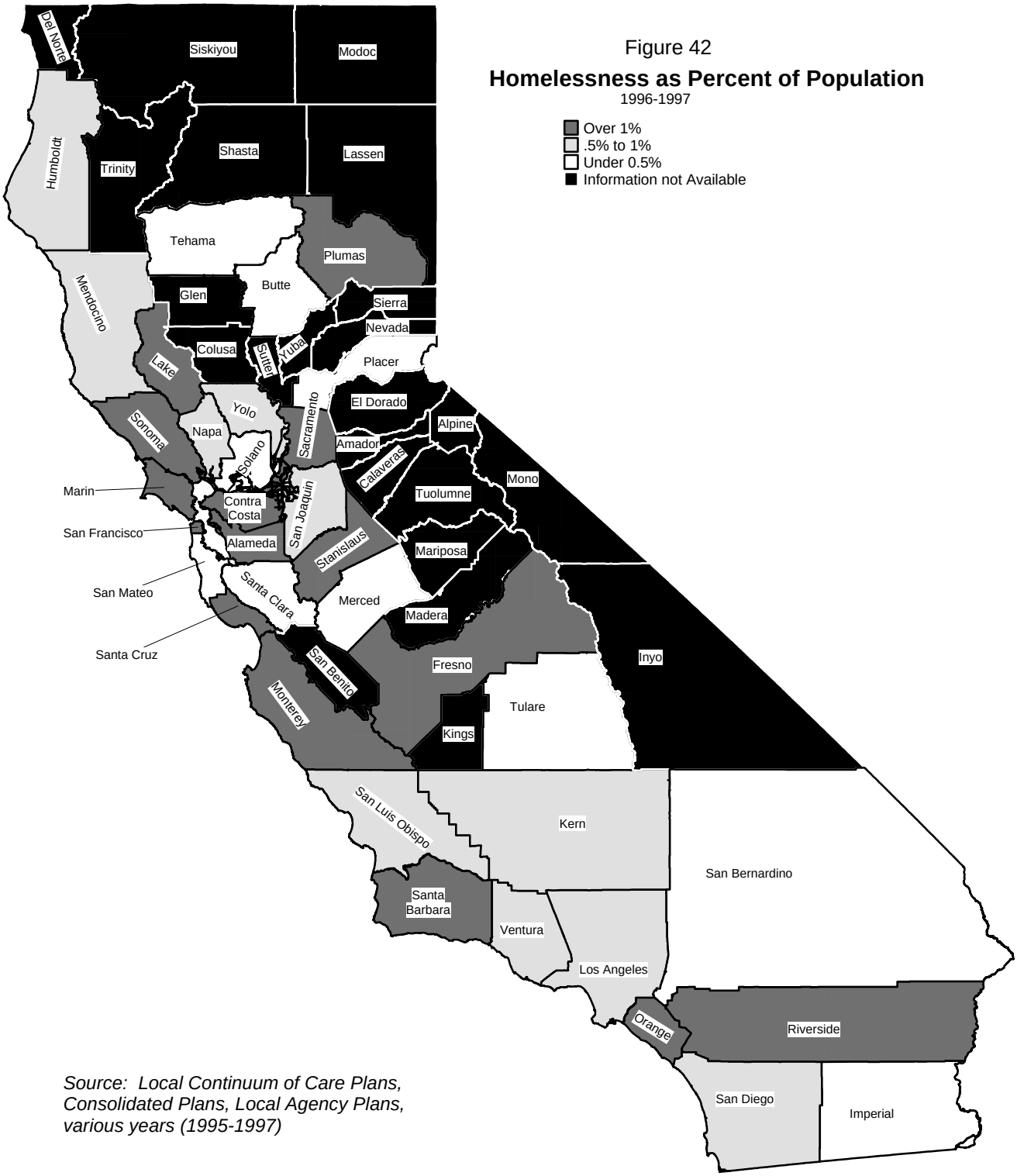


Source: Local Continuum of Care Plans, Consolidated Plans, Local Agency Plans, various years (1995-1997)

Figure 42

Homelessness as Percent of Population

1996-1997



Source: Local Continuum of Care Plans, Consolidated Plans, Local Agency Plans, various years (1995-1997)

Table 28

Summary of Select Homelessness Data

1996-1997

	Source of Estimate	Estimated Homeless Population	Total Pct. Homeless in County	Percent Individuals	Percent Families	County Pop Pop as % of State	% of State Homeless Population
Metropolitan Areas							
Greater Los Angeles Metro							
Los Angeles County	A	84,300	0.89%	79.7%	20.3%	29.10%	23.36%
Orange County	A	51,300	1.93%	54.6%	45.4%	8.16%	14.21%
Riverside County	A	24,300	1.76%	11.4%	88.6%	4.23%	6.72%
San Bernardino County	A	4,000	0.25%	34.9%	65.1%	4.87%	1.11%
Ventura County	A	3,700	0.52%	67.7%	32.3%	2.20%	1.03%
Imperial County*	A	500	0.39%	50.8%	49.2%	0.43%	0.15%
Greater Los Angeles Metro Total		168,100	1.05%	60.8%	39.2%	49.0%	46.58%
Bay Area Region							
San Francisco County	B	31,400	4.03%	71.3%	28.7%	2.39%	8.70%
Marin County	B	3,100	1.28%	69.9%	30.1%	0.74%	0.86%
San Mateo County	A	2,200	0.31%	47.6%	52.4%	2.15%	0.61%
Santa Clara County	B	4,300	0.26%	67.7%	32.3%	5.07%	1.19%
Alameda County	A	34,300	2.49%	61.1%	38.9%	4.22%	9.51%
Contra Costa County	B	11,300	1.28%	29.2%	70.8%	2.70%	3.13%
Sonoma County	B	7,800	1.83%	52.1%	47.9%	1.31%	2.17%
Solano County	A	1,100	0.29%	41.9%	58.1%	1.15%	0.30%
Napa County	B	1,200	0.98%	53.7%	46.3%	0.37%	0.33%
Bay Area Region Total		**96,700**	**1.47%**	**59.9%**	**40.1%**	**20.09%**	**26.77%**
Sacramento Region							
Sacramento County	B	16,800	1.47%	69.5%	30.5%	3.50%	4.66%
Placer County	A	300	0.15%	20.1%	79.9%	0.64%	0.09%
El Dorado County	N/A	N/A	N/A	N/A	N/A	0.44%	N/A
Sutter County	N/A	N/A	N/A	N/A	N/A	0.23%	N/A
Yuba County	N/A	N/A	N/A	N/A	N/A	0.19%	N/A
Yolo County	B	1,100	0.68%	43.3%	56.7%	0.47%	0.29%
Sacramento Region Total		**18,200**	**1.02%**	**67.1%**	**32.9%**	**5.47%**	**5.05%**
Central Valley Region							
Fresno County	A	9,600	1.23%	60.7%	39.3%	2.38%	2.65%
Madera County	C,D	X	0.08%	95.7%	4.3%	0.34%	0.02%
Kern County	A	5,300	0.85%	65.0%	35.0%	1.93%	1.48%
San Joaquin County	B	4,600	0.86%	57.6%	42.4%	1.64%	1.28%
Stanislaus County	B	15,100	3.61%	65.1%	34.9%	1.29%	4.19%
Merced County	C, D	700	0.34%	59.4%	40.6%	0.62%	0.19%
Tulare County	N/A	N/A	N/A	N/A	N/A	1.09%	N/A
Kings County*	N/A	N/A	N/A	N/A	N/A	0.36%	N/A
Central Valley Region Total		**35,300**	**1.13%**	**62.9%**	**37.1%**	**9.65%**	**9.81%**
San Diego	**A**	**21,500**	**0.79%**	**85.6%**	**14.4%**	**8.35%**	**5.96%**
Central Coast Region							
Monterey County	B	5,400	1.44%	84.1%	15.9%	1.14%	1.48%
San Luis Obispo County	A	2,300	0.98%	78.2%	21.8%	0.72%	0.64%
Santa Barbara County	A	5,400	1.36%	58.2%	41.8%	1.22%	1.50%
Santa Cruz County	A	3,200	1.28%	54.0%	46.0%	0.75%	0.87%
San Benito County*	N/A	N/A	N/A	N/A	N/A	0.14%	N/A
Central Coast Region Total		16,200	1.25%	68.8%	31.2%	3.97%	4.49%

Table 28 (continued)

Summary of Select Homelessness Data

1996-1997

	Source of Estimate	Estimated Homeless Population	Total Pct. Homeless in County	Percent Individuals	Percent Families	County Pop Pop as % of State	% of State Homeless Population
Northern California Region							
Butte County	D	600	0.30%	60.3%	39.7%	0.61%	0.17%
Shasta County	N/A	N/A	N/A	N/A	N/A	0.50%	N/A
Tehama County*	D	X	0.18%	59.8%	40.2%	0.17%	0.03%
Glenn County*	N/A	N/A	N/A	N/A	N/A	0.08%	N/A
Colusa County*	N/A	N/A	N/A	N/A	N/A	0.06%	N/A
Northern California Region Total		**800**	**0.17%**	**57.9%**	**42.1%**	**1.42%**	**0.21%**
Non-Metropolitan Counties							
Northern California Non-metropolitan							
Del Norte County*	N/A	N/A	N/A	N/A	N/A	0.09%	N/A
Humboldt County*	A	1,000	0.79%	60.0%	40.0%	0.39%	0.28%
Mendocino County*	B	600	0.70%	56.4%	43.6%	0.26%	0.17%
Lake County*	D	1,300	2.28%	50.0%	50.0%	0.17%	0.35%
Siskiyou County*	N/A	N/A	N/A	N/A	N/A	0.14%	N/A
Modoc County*	N/A	N/A	N/A	N/A	N/A	0.03%	N/A
Trinity County*	N/A	N/A	N/A	N/A	N/A	0.04%	N/A
Lassen County*	D	X	N/A	N/A	N/A	0.11%	N/A
Plumas County*	D	300	1.32%	17.9%	82.1%	0.06%	0.07%
Sierra County*	D	X	N/A	N/A	N/A	0.01%	N/A
Nevada County*	N/A	N/A	N/A	N/A	N/A	0.27%	N/A
Northern California Non-metropolitan Region		**3,200**	**0.62%**	**51.8%**	**48.2%**	**1.56%**	**0.87%**
Central-Southern Region							
Amador County*	D	X	N/A	63.8%	36.2%	0.10%	N/A
Alpine County*	D	X	N/A	N/A	N/A	0.00%	N/A
Calaveras County*	N/A	N/A	N/A	N/A	N/A	0.11%	NA
Tuolumne County*	D	X	N/A	58.3%	41.7%	0.16%	N/A
Mariposa County*	N/A	N/A	N/A	N/A	N/A	0.05%	NA
Mono County*	D	X	N/A	N/A	N/A	0.03%	N/A
Inyo County*	N/A	N/A	N/A	N/A	N/A	0.06%	N/A
Central-Southern Region Total		**X**	**N/A**	**60.4%**	**39.6%**	**0.52%**	**0.00%**
Metropolitan Counties		**357,000**	**1.13%**	**62.9%**	**37.1%**	**96.69%**	**98.91%**
***Non-metropolitan Counties**		**3,900**	**0.36%**	**50.8%**	**49.2%**	**3.31%**	**1.09%**
Total State		**360,900**	**1.11%**	**62.8%**	**37.2%**	**100.0%**	**100.00%**

NOTES:

X - *Less than 100 persons*

A - 1997 Countywide Continuum of Care (Cof C)

B - 1996 Countywide Continuum of Care (Cof C)

C - 1995 Consolidated Plan

D - Nonentitled County number reported from County Agency or County Document

N/A - Information not available.

SOURCES:

Department of Finance; 1990 Census; Local Continuum of Care Plans (1996, 1997); Consolidated Plans (1995-1997); Local Plans; Local Agency Interviews

percent of housing need is for transitional housing. With the exception of significantly larger shortfalls of emergency shelter needed for families (about one-third of overall family housing need versus one-quarter of individual housing need), the underlying distribution of relative shelter need is consistent between individuals and families.

Table 29
Housing Need for Homeless Persons in the State of California

Type of Need	Individuals Only	Families Only	Total Need
Emergency Shelter Need	15.2%	12.2%	27.4%
Transitional Housing Need	23.3%	11.6%	35.0%
Permanent Housing Need	24.3%	13.4%	37.7%
Homeless Population	62.8%	37.2%	100.0%

Source: Local Continuum of Care Plans 1995 and 1996, Local Consolidated Plans (various dates), Local Agency Plans (various dates).

The composition of the existing supply of housing and beds for homeless persons reveals underlying shortfalls of facilities to meet the needs of the homeless population within the State (see Table 30). As these figures indicate, there are significant shortfalls of emergency shelter facilities for all homeless (but particularly for families), but significant shortfalls for all types of housing to assist the homeless.

Table 30
Bed Availability for All Homeless Persons in the State of California

Type of Facility	Individuals Only	Families Only	Total Need
Emergency Shelter Need	16.8%	7.7%	24.7%
Transitional Housing Need	22.4%	14.3%	36.7%
Permanent Housing Need	20.2%	18.6%	38.8%
Homeless Population	59.5%	40.5%	100.0%

Source: Local Continuum of Care Plans 1995 and 1996, Local Consolidated Plans (various dates), Local Agency Plans (various dates).

The following summarizes the key data regarding homelessness in California:

- It is very difficult to reliably estimate the number of homeless in California because of their transient nature and the difficulty in identifying homeless people in unsheltered locations (i.e., parks, cars, other public places).

- Statewide, nearly two-thirds of the homeless are individuals and about 37 percent are families.

- Local sources estimate that existing facilities can only serve one in six homeless individuals and only one in five homeless families.

- The greatest concentrations of homeless reside in metropolitan areas, particularly in the largest urban centers (Los Angeles and San Francisco). Non-metropolitan areas tend to have a greater proportion of families than metropolitan areas.

- The greatest need for housing for the homeless population is permanent housing (37 percent) while 35 percent of the need is for transitional housing and 25 percent of the need is for emergency shelter.

Continued and pervasive homelessness in California presents a critical challenge to all levels of government and the public and private sectors. Developing solutions to address homelessness require comprehensive strategies that address the diverse population and causes of homelessness.

Statement Pursuant to California Government Code Section 7550

"The State of California's Housing Markets 1990-1997" was prepared pursuant to State Contract #97-3-001, a collaborative interagency agreement between the State Department of Housing and Community Development (HCD), Division of Housing Policy Development, and the University of California, Berkeley's Institute of Urban and Regional Development, dated October 28, 1997 in the amount of $26,283.

Endnotes

[1] Throughout this report, dollar amounts have been adjusted by the Consumer Price Index for Urban Wage Earners and Clerical Workers, for all Items less Shelter (1982-1984=100) and adjusted to reflect November, 1997 dollars.

[2] This report has not attempted to update income estimates beyond published national or State sources. However, several private data sources have projected that per capita income in the State in 1997 has risen above 1990 levels. For instance, the Center for Continuing Study of the California Economy estimates that statewide per capita income levels in 1996 reached within 0.5 percent of 1990 levels, and had exceeded 1990 levels by 1997 by about 2 percent.

[3] See, for instance. Deborah Reed, Melissa Glenn Haber and Laura Mameesh, The Distribution of Income in California, published by the Public Policy Institute of California, 1996.

[4] While the Current Population Survey permits insight into overall change at the State level, it is not possible to draw inferences at lower geographic levels.

[5] For instance, Adjusted Gross Income estimates within the State were only about 79 percent of 1990 census-reported estimates for comparable information (1989 incomes). Moreover, underlying estimates of households by income class reveal a strong bias of the tax data to underestimate income. A portion of this is driven by the nature of information provided by tax returns. For instance, a household with a teenager employed part-time during the summer would file two tax returns (one for the child – with low-income reported – and at least one for the adults in the family), while Census information would report both incomes within a single-family income estimate. This explains part of the disparity in the relative income categories between these sources.

Second, the concept of income in a tax return is influenced by the underlying "rules" of the tax code. For instance, total "federal income" includes wages, dividends, interest, pensions and annuities, net sale of capital assets, net business and farm income, and supplemental income; these are often not consistent with the concept of money income (particularly "net business and farm income"). From 1989 to 1994, these "additional" income sources accounted from 25 to 29 percent of "federal" income, declining by about 3.6 percent between 1989 and 1994. Further, adjustments to income come from both federal and State adjustments to income. These items (IRA, one-half Self-Employment Tax, Self Employed Health Insurance, KEOGH/SEP payments, alimony) are generally uses of income – not deductions of income (from a Census income perspective). Though not generally very significant (generally about 1 percent of federal income), they mask some of the dispersion of income (since they are more likely taken by higher income households). Similarly, California adjustments (accounting for between 1 and 2 percent of federal income) are also generally not deductions to income, but instead a reflection of State tax policy.

[6] Alternatively, it is possible to use knowledge of the underlying nature of income distributions to explore the relative change during this period. By comparing the mean (arithmetic average) with the median (the point that divides the total returns in half), it is possible to understand something of the nature of income distribution. Given the distribution of incomes, the mean will be greater than the median (since increasing incomes for the wealthy will increase the average – but not the median), greater dispersion between these two estimates reveal a greater disparity in income.

[7] Both building permits and demolition permits are reported by jurisdictions within the State. Demolition permit information was available until 1994 – when reporting was eliminated. When estimates of total demolitions are presented, these reflect an annualized rate from the 1990 to 1994 period and projected using these rates to the respective period. In the aggregate, demolitions have averaged 4 to 5 percent of total building permits. Thus, from 1990 to November 1997, demolition permits are estimated to range from 45,000 to 50,000 of housing units statewide. When referring to demolition rates, demolitions have been calculated as percent of 1990 housing stock in each county.

[8] The American Housing Survey was conducted in the 1993 to 1996 period on six metropolitan areas. These include Los Angeles-Long Beach (gathered as part of the 1995 national sample of housing units), San Bernardino-Riverside (in 1994), Orange County (in 1994), San Diego (in 1993), the San Francisco-Oakland MSAs (in 1993), and the Sacramento MSA (in 1996). In each of these areas, a survey of housing units was conducted (with sample sizes ranging between 3,000 and 6,000 housing units), and detailed characteristics of housing conditions are thus available.

[9] Data from this section draws on information developed by RealFacts data service and a report prepared by Merrill Lynch and RealFacts (Leonard G. Sahling and Eric I. Hemel. "California Apartment Markets." Merril Lynch, Pierce, Fenner & Smith, Inc., September 3, 1997).

[10] Data from RealFacts is gathered for properties in 25 counties within California. In general, these properties are not a random sample and are biased to "better" properties in the respective markets.

[11] The following discussion is based on detailed monthly transaction data provided by DataQuik. The series reports median monthly home prices for both new and existing home resales for 23 counties in the State. Statewide averages are based on total transactions in these counties. Information on the remaining 25 counties was not available in a compatible format. Small numbers of sales limited the ability to report on median price movements in unreported areas. When information is presented in an annual format, the information reflects the weighted average of the monthly median prices (weighted by number of transactions during each period).

[12] In total, RealFacts monitors about 3,300 properties throughout portions of the State, obtaining information on about 40 percent of the State housing stock (627,000 housing units) within the State.

[13] Comparing 1990 average rents reported by the Census with RealFacts information (strictly comparable only in the Bay Area), it is evident that, as would be expected, average rents for RealFacts properties (institutional grade) are higher than overall rents from the Census (see Table 23). In about half of the counties, the general fit is fairly strong. However, the divergence between institutional and overall rents is particularly strong in San Francisco, Marin, San Mateo and Alameda counties, possibly reflecting the structure of these rental markets, both by size of buildings and divergent markets included within the overall county rental market (particularly in San Francisco and Alameda counties). This is indicated by the relative diversity of rental housing — institutional-grade properties reflect only about 17 percent of the San Francisco MSA (5+ unit rental stock, while they account for almost one-half of (5+) unit properties in the Santa Clara rental housing market.

[14] The American Housing Survey (AHS) was conducted in seven metropolitan areas within the State during the past five years: Los Angeles (1995), Anaheim (1994), San Bernardino-Riverside (1994), San Francisco-Oakland (1993), San Jose (1993), San Diego (1993), and Sacramento (1996). In addition, the National AHS survey (1995) contained over 6,000 cases located in 14 metropolitan areas in California. These data (and earlier AHS surveys whenever available) form the basis for this discussion.

[15] Households with more than one person per room are considered crowded. Households with more than 1.5 persons per room are considered severely overcrowded.

[16] These areas include the Anaheim-Santa Ana MSA (Orange County), Bakersfield (Kern County), the Fresno MSA (Fresno and Madera counties), Los Angeles Long Beach MSA (Los Angeles County), Modesto (Stanislaus County), Oakland MSA (Alameda and Contra Costa counties), Riverside San Bernardino MSA (Riverside and San Bernardino counties), San Francisco MSA (Marin, San Francisco and San Mateo counties), San Jose MSA (Santa Clara County), Santa Barbara MSA (Santa Barbara County), Santa Rosa MSA (Sonoma County), Stockton MSA (San Joaquin County), Vallejo-Napa-Fairfield MSA (Solano and Napa counties).

[17] This discussion draws on prior research completed for this report. See Sylvan, Jack. "Residential Overcrowding in California." University of California, Berkeley. IURD Working Paper, 1998.

[18] AHS results consistently report lower overcrowding rates than 1990 Census data. These differences are partially due to the relative detail on housing unit configuration reported through the AHS. Individual respondents are more closely scrutinized on the composition of housing units, resulting in larger room counts, depressing relative overcrowding. In examining AHS results, it is thus important to focus on the relative change in overcrowding between survey periods of the AHS.

[19] Much of the information in this section is from a report prepared by the California Housing Partnership Corporation (CHPC) for the Department of Housing and Community Development, Spring 1998.

[20] The actual number of developments and units is difficult to estimate because the need to reconcile and update different reporting systems, and because some of the programs overlap. In the case of the Section 8-assisted units, for example, some of the properties are covered by multiple contracts, expiring at different times.

[21] This includes only privately-owned housing with project-based subsidies, and excludes the Section 8 certificate and voucher programs, which provide (portable) tenant-based subsidies.

[22] The Farmers Home Administration has been succeeded by Rural Housing Development.

[23] Local governments can also apply to be delegated as PAEs, although as of this writing there are none.

[24] The Use of Housing Revenue Bond Proceeds, California Debt and Investment Advisory Commission, 1997 report for FY 1995-96.

[25] Martin, Philip L. "Farm Labor in California: Past, Present, and Future." Report and Recommendations, September 10, 1992.

[26] Traditional techniques include the U.S. Census, Current Population Survey, and various employment survey techniques.

[27] This discussion draws on prior research completed for this report. See Hall, Denise. "Migrant Farm Labor Estimates." University of California, Berkeley. IURD Working Paper, 1998.

[28] Agricultural employment data is based on agricultural regions within the State. These regions include:

- The **South Coast Region** is composed of Los Angeles, Orange, San Diego, San Luis Obispo, Santa Barbara and Ventura counties.
- The **Desert Region** composed of Imperial, Riverside and San Bernardino counties.
- The **San Joaquin Valley Region** is composed of Alpine, Amador, Calaveras, Fresno, Inyo, Kern, Kings, Madera, Mariposa, Merced, Mono, San Joaquin, Stanislaus, Tulare and Tuolumne counties.
- The **Sacramento Valley Region** is composed of Butte, Colusa, El Dorado, Glenn, Lassen, Modoc, Nevada, Placer, Plumas, Sacramento, Shasta, Sierra, Siskiyou, Solano, Sutter, Tehama, Yolo and Yuba counties.
- The **Central Coast Region** is composed of Alameda, Contra Costa, Monterey, San Benito, San Francisco, San Mateo, Santa Clara and Santa Cruz counties.
- The **North Coast Region** is composed of Del Norte, Humboldt, Lake, Marin, Mendocino, Napa, Sonoma and Trinity counties.

[29] An unaccompanied SAS worker is not necessarily a migrant worker. Families residing together at a work site may be either settled there or staying temporarily while in a migration cycle. In either case, the worker is accompanied. Similarly, a worker may be unaccompanied whether migrating from permanent home or not.

[30] National Agricultural Workers Survey 1994-95, Chapter 2.

[31] Ibid.

[32] Finding Invisible Farmworkers: The Parlier Survey, J. Sherman, D. Villarejo, et. al., The California Institute for Rural Studies, Davis, CA, April 1997.

[33] Taylor, J. Edward, Philip Martin, and Michael Fix, Poverty amid Prosperity, Immigration and the Changing Face of Rural California, The Urban Institute Press, Washington, D.C. 1997.

[34] This is the federal definition of a homeless person per the McKinney Act, P.L. 100-77, Sec, 193(2), 101 Sat. 485 (1987).

[35] There are two choices for reporting homeless population. Point prevalence indicates the size of the homeless population at a point in time. Annual prevalence measures homeless over the year. To the degree that homeless is relatively short-term in nature, but an ongoing issue for an area, annual prevalence estimates will be significantly greater than point prevalence, since turnover would increase the number of homeless in this estimate. In the figures that are presented below, all estimates have been converted to point prevalent measures of homelessness.

[36] This discussion draws on prior research completed for this report. See Bonnewit, Natalie. "Homeless Population Estimates." University of California, Berkeley. IURD Working Paper,

forthcoming. Note that since funding opportunities increased with greater need, there is potential bias in these estimates. However, it also appears that several locations have underestimated need. Thus, on balance these figure may reflect a reasonable approximation of underlying homelessness within the State.

[37] The estimates presented in this section do not include those households and individuals "at- risk" of homelessness, often included in assessments of homelessness. Given the underlying rent burdens for a significant numbers of households within the State (as highlighted in the discussion of rental cost burdens), the estimates presented in this section are extremely conservative. For further discussion of "at-risk" households, see Burt, Martha. Practical Methods for Counting the Homeless: A Manual for State and Local Jurisdictions. Second Edition. The Urban Institute, June, 1996.

Addendum

Findings Relating to California Farmworkers from the 1995 - 97 National Agricultural Workers Survey (NAWS)[1]

The following information reflects information on demographic and employment characteristics obtained from interviews of 1,885 California farmworkers between October 1994 and September 30, 1997 in the same nine counties the 1993 NAWS data was gleaned from. This updates information reported from the 1990-1991 NAWS interviews reported elsewhere in this document.

- **Household types -** Four of five California farmworkers are males. Three out of five workers are married, and more than half are parents. Approximately two-thirds of the parents reside with spouses or children while both parents are employed in farmwork. Nearly half of the farmworkers are accompanied by family members, and female farmworkers are more than twice as likely as men to be living with family members. Parents employed as California farmworkers have an average of nearly three children. Farmworker households also commonly include non-family members.

- **Tenure in California** - California's foreign born farmworkers have resided in the U.S. an average of ten years. Approximately a quarter of the foreign-born farmworkers have been in the U.S. less than three years, which represents a doubling of the prior figure from 1990-1991.

- **Employment -** An average of 45 percent of the year is spent employed in California and 29 percent of the year outside of the U.S. Over half of the farmworkers held between two and four jobs during a year. They work predominantly in fruit and nut crops. 90 percent of the farm jobs ended with a layoff upon completion of seasonal work.

  They were employed an average of 23 weeks during the year in farm jobs and three weeks in non-farm jobs, although this varies by age. Older workers average 46 - 55 percent of the year employed in farmwork.

  Most workers were paid by the hour at an average hourly wage of $5.69. Three of five families had incomes below poverty level. Three quarters of them earned less than $10,000 annually, and 20 percent earned less than $1,000 annually.

- **Housing -** Approximately three quarters of farmworkers lived in housing rented from someone other than their employer. 16 percent of California farmworkers owned a home in the U.S., and approximately 41 percent owned a home in their native country.

1 "Who Works on California Farms? Demographic and Employment Findings from the National Agricultural Workers Survey," Howard R. Rosenberg, et. al., Agricultural Personnel Management Program, University of California, Agriculture and Natural Resources Publication 21583, December 1998.